FINANCIAL TIMI

Europe's Business News

Sinn Féin leader allowed to enter **US** for conference

Gerry Adams, president of Sinn Féin, the IRA's political wing, is to be allowed to attend a conference in New York tomorrow on Northern Ireland. Adams, repeatedly denied admission to the US over the past 20 years because of alleged "involvement in terrorism", will make the visit under strict conditions. He will stay only 48 hours, be barred from travelling more than 25 miles from New York and will not be allowed to engage in "direct or indirect fund-raising", a US administra-

SA elections face boycott: South Africa stepped closer to ethnic conflict as the Zulu Inkatha Freedom party and extreme right Afrikaner Volksfront demonstrated opposition to April's all-race elections due in April. Page 16

Banesto rescue plan takes shape: Banco Bilbao Vizcaya and Banco Santander are seen as the contenders to control Banesto, the Spanish banking group, according to a rescue plan agreed by the Bank of Spain and the private banking sector. Page 17; Lex, Page 16

European Monetary System: The Danish, Spanish and Portuguese currencies last week shrugged off minor interest rate reductions and caught up slightly with other members of the European exchange rate mechanism. The D-Mark ended the week on a firm note but was still only the third strongest currency in the system.

ENS: Grid



. The chart shows the member currencies of the suchange rate mechanism measured against the legalest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members The mechanism. The exceptions are the D-Mark and the quikler which move in a 2.25 per cent band.

alladur aims to boost economy: Prime minister Edouard Balladur announced measures to stimulate France's struggling economy and curb the rise in unemployment. Page 16

menies eye Ferranti: UK, French and US companies are serious candidates to take over the bulk of the defence electronics operations of Ferranti, the UK group which went into receivership in early December. Page 17

Poctors killed by avalanche: Five British doctors and their ski instructor were killed by an avalanche in the Val d'Isère area of the French Alps. Another British doctor survived a night in the open after freeing himself from the snow.

Pledge by Marchais successor: Robert Hue, 47, took over as French Communist party leader from Georges Marchais, and called for broader participation in policy-making as the way to reverse the party's electoral decline. Page 2

April litt-off for Eurofighter: The Eurofighter 2000, developed jointly by Britain, Germany, Italy and Spain, is expected to make its moiden flight in April, more than two years later than originally

Algeria names president: Algerian defence minister Liamine Zeroual will be sworn in today as president, replacing an unelected five-man presidency installed after multi-party elections were cancelled two years ago. Page 4

EU tackles China trade row: European Union diplomats will meet in Brussels this week to try to decide whether to recommend abolition or harmonisation of national quotas on Chinese mports such as bicycles, kitchenware, training shoes and toys, Page 5; Editorial Comment, Page 15

Exclusive call by Saudi royals: The Saudi royal family has secretly commissioned a mobile telephone network for its exclusive use from Siemens, German electronics group. Page 16

Russian price controls urged: Veteran economists have urged wage and price controls in a report to the new Russian government to help "correct" President Boris Yeltsin's economic

Cures for ailing air industry: Greater competition, heavy cost-cutting and tougher curbs on state aid are expected to be urged by a longawaited report on the future of the European Union's airline industry due out tomorrow. The industry lost \$700m in 1992 Page 2; UK air engine power record challenges US, Page 3

No Bundesbank reserves for EMI: Bundesbank president Hans Tietmeyer ruled out transferring any of the bank's reserves to the new European Monetary Institute, saying the EMI would have only an advisory role throughout the so-called phase two of the process towards European monetary union. Page 2

Youngest grandmaster: Peter Leko of Hungary, aged 14 years and four months, became the youngest chess grandmaster by finishing third in the Wijk aan Zee tournament in the Netherlands. Grandmaster is the highest ranking apart from world champion.

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Arafat says agreement on Palestinian self-rule could be signed soon

Israel and PLO close to deal

By Ian Rodger in Davos and Julian Ozanne in Jerusalem

Liberation Organisation were last night on the verge of a break-through agreement which would allow for an Israeli withdrawal from the Gaza Strip and Jericho, according to Mr Yassir Arafat, PLO chairman.

Mr Arafat said after a marathon session of talks with Mr Shimon Peres, Israel's foreign minister, at the World Economic Forum in Dayos, Switzerland, that an agreement on implementing Palestinian self-rule could be signed at a summit in Cairo

Palestinian officials said an agreement was prepared and waiting for approval. Mr Arafat said he hoped remaining difficulties would be ironed out in talks last night.

Neither side gave details of the draft deal, but Israeli officials in Jerusalem said the critical breakthrough in Davos had been broad agreement on security at border crossings between Gaza and Egypt and between Jordan and Jericho. The issue, along with disagreements over the size of the Jericho area and the security of Israeli settlers, has dogged moves to implement the initial accord signed last September.

The two sides agreed that although most Israeli security checks of Palestinians crossing the borders would be conducted "invisibly" by electronic means, Israel could retain the right physically to check Palestinians suspected of security violations, Israeli officials said.

The PLO had withdrawn its demand to control the roads leading to the crossings in return for an Israeli concession to grant the Palestinians access corridors



from the self-government areas to

Officials said a copy of a draft wording on the border issue had been sent to Mr Yitzhak Rabin, Israel's prime minister, and returned largely approved but with some reservations to Mr Peres for last night's negotiating

Israel also conceded safe passage of Palestinians by land corridor to the religious site of Nebbi Mussa and to the northern Dead Sea where Israel and the PLO will establish a joint-venture

On the second substantive obstacle - the size of the Jericho area - a final area of around 60sq km had been agreed between the two sides, the officials said. Israel had previously offered 25sq km and the PLO had demanded 345sq

Officials said last night's talks would focus on the last major outstanding issue - the security arrangements for Jewish settlers who will remain in Gaza. Israel has demanded a wide area of operation - up to 46 sq kms - to. protect Israelis in their settlements and on roads between the

settlements and Israel. Hailing yesterday's progress, Mr Arafat and Mr Peres saluted each other warmly on the platform at Davos in front of an audience of 800 business leaders from around the

Mr Arafat thanked Mr Peres "for his positive stance which I had felt and touched during these talks". Mr Peres paid tribute to Mr Arafat's "supreme effort to bring our two peoples together in the domain of peace and hope". Mr Peres invited business leaders from the US, Europe and

Israeli minister may cuit. Page 4 Japan to come to a regional eco-

nomic conference being planned

for Amman later this year to help

"to build the new Middle East".

sition of the audience, empha-

sised the need for building "an economic platform" on which an

enduring regional peace could be

erected. Mr Arafat said Palestine

needed nothing less than a new

Marshall Plan. Palestine was in

danger of becoming another

Somalia, with 58 per cent unem-

ployment in Gaza, but it had an

educated and skilled labour force.

Both men, aware of the compo-

Japan to act quickly on \$125bn stimulus package

By William Dawkins in Tokyo

The Japanese government this week plans to follow its agreement on political reform with a long-delayed package of tax cuts and government spending, esti-mated to total at least Y14,000bn

Mr Moribiro Hosokawa, the prime minister, said at the weekend he aimed to announce details by the end of the week. His seven-party coalition government would seek co-operation on economic policy with the opposition Liberal Democratic party.

The package will come as a

relief to the US and to Japanese business organisations, which have been urging the govern ment to take steps to relieve the worst recession since the second world war.

Until the weekend, the coalition's ability to act on the economy was paralysed by its attempts to win parliamentary agreement on plans to redesign the electoral system and curb political corruption. Failure to reach a deal by the end of the parliamentary session at midnight on Saturday could have led

to the government's collapse. However, parliament voted in favour of a last-minute compromise worked out between Mr Hosokawa and Mr Yohei Kono, president of the LDP.

The newly confident coalition plans to hold elections under the new electoral system "anytime from this autumn", said Mr Masayoshi Takemura, chief cabinet secretary.

Ministers responsible for the economy started work on the package at the weekend. Early drafts envisage Y6,000bn to Y7,000bn in income and residential tax cuts, plus Y4,000bn of government spending on infrastemmed from a friendship structure, according to govern-between a senior GE Capital ment officials quoted in the Japanese press. It is also said to include increased loans for housing and small businesses, plus possible tax concessions for corporate land sales.

The government will draw up its budget for the coming fiscal year by February 15, nearly two months late, said Mrs Manae

Continued on Page 16

Soros and GE plan developing world fund

By Martin Dickson in New York

\$2.5bn venture to finance electrical power plants

Mr George Soros, best known as the currency speculator who made massive profits betting against the pound during the 1992 sterling crisis, is joining forces with GE Capital, the financial services arm of America's General Electric, to raise \$2.5bn to invest in power projects in the

developing world.

The fund should give a strong boost to General Electric's power plant manufacturing business as it fights for global market share against rivals such as Europe's Asea Brown Boveri.

Cash-strapped governments in developing countries, particularly in Asia, are increasingly willing to allow private sector capital to finance new electrical power plants.

The venture represents a further shift in Mr Soros' invest-ment strategy which has been mainly concentrated on volatile debt, equity, currency and commodity markets. Last year he moved into property.

GE Capital and Quantum

Industrial Holdings, a new fund to be managed by Soros Fund Management, will each invest \$200m in the new venture, called Global Power Investments. The International Finance Cor-

poration, the private financing arm of the World Bank will be the third founding partner. The IFC's planned \$50m investment in the fund is awaiting formal

raise \$2.5bn in equity finance from a wide variety of investors, ranging from businesses with interests in the construction or operation of power projects to assive investors who believed this was a growth market.

The venture's initial focus will be on Asia - particularly China, India and Indonesia - and on Mexico. GE Capital and various partners are currently in advanced discussions about projects in each of these four countries.

The fund is believed to be the first of its kind, although vehicles have been formed before now to invest in individual developing world power projects.

Mr Gary Wendt, chief executive

approval. The partners plan eventually to

of GE Capital, said the venture was an outgrowth of GE Capital's existing power financing business, which until now has focused mainly on the US market where it has financed more than

executive and an associate of Mr "Mr Soros has not only a large amount of money at his disposal but a keen understanding of the rest of the world," Mr Wendt added. "He is a true international

\$7bn of projects through a mix-ture of debt and equity. Mr Wendt said Mr Soros's investor. Marry that with GE's international activities and we think we have an excellent com-

involvement in the venture

This announcement appears as a matter of record only



The Government of Hungary

through the Hungarian State Holding Company has sold a 30 per cent shareholding in

Hungarian Telecommunications Company Limited

US\$875 million

to a consortium consisting of Deutsche Bundespost Telekom and Ameritech International Inc.

The Government of Hungary was advised by



N M Rothschild & Sons Limited

Russia will cut aluminium output in international deal

By Kenneth Gooding, Mining Correspondent, in London

Russia is to cut its annual aluminium output by 500,000 tonnes, or about 15 per cent, for two years as part of an unprecedented international trade deal agreed at the weekend by the world's leading aluminium-producing countries.

Western producers are expec-ted to follow Russia's lead with reductions which will cut back global aluminium output by L5m to 2m tonnes - or about 10 per

The arrangement aims to end growing friction between Europe. the US and Russia over aluminium supply surpluses that last year produced record stockpiles of the metal and cut prices by half to record lows. Nearly two-thirds of the former Soviet Union's aluminium was

used by the military but is now

estimated 1.6m tonnes last year. In the west, where aluminium is used mainly for transport equipment, construction and packaging, producers have already cut annual output by 1.4m tonnes or nearly 10 per cent of their total capacity. But stocks have continued to accumulate at

the rate of 1.8m tonnes a year.

Many producers were unwilling to make further cuts unless Russian industry shared in the Now a formula to bring the market back into balance has been approved by trade represen-tatives from Australia, Canada, the 12-nation European Union negotiating as one. Norway, Rus-

sia and the US. Mr Georgy Gabuniya, Russia's deputy foreign trade minister, said after tense discussions last week with the republic's smelter managers that Russia would cut its output by 300,000 tonnes in three months beginning tomorrow and then by a

the following three months The memorandum of understanding accepted by the aluminium producers at the weekend provides no specific targets for individual western countries because of anti-trust problems. The trade delegates hope they can convince anti-trust authori-ties in the US and elsewhere that the aluminium industry is reacting to market forces rather than acting as a cartel aiming to lift

Production cuts will be moni tored by the International Primary Aluminium Institute, a London-based data collecting organisation. There is to be another meeting between the trade delegates in Canada at the end of February to assess whether the scheme is working

properly. If it does work, the EU will almost certainly drop the restrictions on CIS aluminium imports it imposed last August to safeguard the European indus-

being exported. This has boosted CIS aluminium exports from 250,000 tonnes in 1989 to an	the three m ning tomorrow further 200,00	onths begin- and then by a 0 tonnes in	to safegua try.	imposed last August rd the European indus-
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Russian report urges pay and price controls

achieved when high inflation

discourages investment and

pushes individuals and compa-

nies to keep their money in

By Leyla Boulton in Moscow

Veteran economists who failed to convince President Mikhail Gorbachev to start market reforms have included wage and price controls in recommendations to the new government to help "correct" President Boris Yeltsin's economic

A report drawn up by a team including Prof Stanislav Shatalin, father of the radical 500-Day Programme, and Dr Leonid Abalkin, a former presidential adviser who opposed the 500-Day plan, was commissioned by the government in its desperate search for "nonmonetary" methods to fight

The report sums up all the hopes of opponents of liberal reforms that painful financial and that the government can reimpose controls for which it no longer has the levers.

Arguing that liberalising energy prices in a still-monopolised economy would only fuel inflation and cut industrial production further, the report proposes fixing prices for raw materials and rail

Through these price controls with taxes imposed on producers which sell for free prices to subsidise the companies which have to operate under fixed prices - it hopes to restructure Russia's skewed price structure. The liberals who have lost power say that the only way to eliminate the imbalances which mean that industrial prices are higher than agricultural prices is to force enterprises to behave in a more market-orientated way by Chernomyrdin doubles forecast of year-end inflation

Mr Victor Chernomyrdin, the Russian prime minister, at the weekend doubled his own forecast of year-end inflation to 15-18 per cent a month, in the clearest indication yet that he will abandon the country's radical reformers' fight against inflation, write Leyla Boulton in Moscow and Ian Rodger in Davos.

In Davos for the World Economic Forum, Mr Chernomyrdin reiterated his commitment to continue market reforms. saying that he hoped to "reduce" inflation to 15-18 per cent a month by December after "keeping" it at 20 per cent in the first half of this year.

reducing their state subsidies.

"mobilise domestic savings" to

help stabilise the economy but

The report also proposes to

fact that inflation was brought down to 12 per cent in December by his former finance minister, Mr Boris Fyodorov. It also marked a sharp increase in the 8-9 per cent target he himself produced when first announced "corrections" to radical reforms less than two weeks ago. However, he said that Russia would

The new target not only overlooked the

push "full steam ahead" with economic reforms and that he wanted Russia to become fully integrated into the international economy through membership of leading economic institutions and also the

accounts.

It suggests combining unspe-

cified wage controls with the

indexation of salaries to keep

ing industrial nations - the US. Japan. Germany, Canada, France, Italy and Britain - be expanded to a "Group of Eight" to include Russia. The reform in Russia is irreversible.

He urged that the Group of Seven lead-

We will never turn back from the course we have taken," he said. "I am not in favour of controls on wages or on the supply of goods to the population," he

"As a manager in the Soviet Union I learned myself through bitter experience what the socialist system of distribution

tence level. It also emphasises

reliance on the former Soviet

republics as the main market

for Russian companies, and

not to rely on external assistance for reforms.

The team urges rejection of voucher privatisation - due to come to an end on July 1 any way - and calls for more active intervention by the state in how enterprises are privatised and restructured.

Accusing the outgoing radieals of "naive faith that mone tarism will automatically lead to economic recovery, the report nonetheless urges a tough monetary and fiscal policy, and selective support for industry, both of which have been government policy for

Prof Shatalin admits that printing money to finance the extra expenditure would fuel inflation but justifies it by saying "if the money leads to higher output and more goods. that will reduce inflation".



Hue: wider participation

Marchais successor in pledge on policy

By John Ridding in Peris

Mr Robert Hur, elected at the weekend to lead France's Com-munist party, called for broader participation in policy-making as the way to reverse the party's electoral decline. But he indicated there would be no marked departure from the policies pursued over recent years by Mr Georges Marchais, the veteran party leader who stepped down after 22 years as general secretary.

"I will be the leader of con-tinued change," Mr Hue said in a newspaper interview. Mr Marchais, unexpectedly, will retain a seat on the party's national committee, the top executive body. Mr Hue, however, stressed that he would be independent in his leadership. "Georges is not trying to cling on, and I am not under the guidance of anyone," he said.

According to Mr Hue, the party congressed Saint-Ouen a Paris suburb, had agreed to confirm and extend the renovation of the party" which has seen its share of the vote fall from almost 25 per cent in the early-1970s to 9 per cent in the first round of last spring's gen-

eral election. "We must do everything for and by democracy, through the development of the participation of workers, citizens and the people," said Mr Hue.

The congress voted to approve new statutes which say policy must now be built on a diversity of opinion, representing a move away from the principle of democratic central-

But the move was not enough for some reformers within the party who have arged a bigger break from the orthodox Communist policies pursued by Mr Marchais, and who blame his hardline views for the party's decline. Mr Charles Fiterman, a former transport minister and a leader of a reformist faction within the party, announced at the congress that he would step down from the party's leader ship because of its failure to modernise.

Mr Hue hinted at the possibility of co-operation with the Socialist party but said all parties of the French left needed to rethink their strategies. "The Socialist party was in power and its policies were massively condemned by the people," said the Communist leader, adding that the left "has to start anew".

Mr Hue said that his immediate priority was to prepare the party for cantonal elections in March. "Many people have expressed their opposition to the policies of the right, and these elections will be their first opportunity to express their opinions." He declined to say whether he sought to head the party's list for the forthcoming European parliamentary elections.

Mr Hue, 47, is little-known outside the Communist party. which he joined at the age of A male nurse by training, he became a full-time party bureaucrat and has been a member of the party's central committee for the past six

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does not say how this can be Bundesbank will not pass reserves to EMI

By Ian Rodger in Davos

The Bundesbank's president, Mr Hans Tietmeyer, has ruled out transferring any of its currency reserves to the newly-established European Monetary Institute.

Speaking at the annual meeting of the World Economic Forum in Davos, he stressed that the EMI would have only an advisory role throughout the so-called phase two of the process towards European monetary union. Responsibility for monetary policy would remain in the hands of member country central banks.

He pointed out that, according to the Maastricht treaty, important decisions of the EMI during this period would have

The treaty permitted central due in 1999. Mr Tietmeyer said

By Christopher Parkes in Frankfurt

Cermany is bracing for strikes

and demonstrations in the engineering sector this week as

the unions step up their fight over pay and benefits. Workers

in several factories briefly

downed tools on Saturday fore-

shadowing what the unions

hope will be a wave of action

throughout western Germany. The IG Metall union has set

a two-week deadline for

employers to make a "serious"

wage offer, after which formal

strikes would be unavoidable.

In the first phase of pay talks

regional employers' groups refused to discuss IG Metall

proposals for between 5.5 per

cent and 6 per cent more pay.

Although the union has said

the EMI, but Mr Tietmeyer said he had not heard of any union of EU countries. country willing to do so. "The Bundesbank will not do this. We feel we are equipped to manage our reserves in the

into the situation of a European central bank." He also cautioned the EMI against promoting the Ecu as a currency. "The EMI's task is to facilitate but not to promote the Ecu. The Ecu is not a currency, it is a basket, and there are exchange risks in it during

appropriate way. Of course this

will change when we move

The EMI, which is to be located in Frankfurt, began work on January I and has the task of preparing the ground for eventual monetary union,

Germany faces week of

for job guarantees or promises

of fewer redundancies, the

employers are understood to be

seeking further concessions,

including reductions in holiday

pay and changes to the basic

IG Metall has said it will call

warning strikes - usually stop-

pages of up to an hour or more

- in selected companies

starting today. Although they represent the lowest step on

the escalation ladder, such

strikes can be severely disrup-

tive, interrupting just-in-time

deliveries to other companies,

Germany's biggest engineering

concerns, warned last week that it could not be black-

mailed by strike threats. The

Asea Brown Boveri, one of

for example.

it would accept less in return Swiss-based multinational

protests and stoppages

etary union could be achieved

He said numerous issues connected with monetary union still had to be resolved, including what the main policy aims of a European central bank should be. While the Bundesbank set priority on money supply targets, the Bank of England stressed price stability, and other countries pursued exchange rate policies,

Mr Jean-Claude Trichet, governor of the Bank of France, said the EMI's most important task was to prepare the ground for monetary union, seeking solutions to technical obstacles in member countries and promoting standardisation of sta-

could move production to other

bases, even in eastern Europe,

at short notice, according to

Mr Eberhard von Koerber,

head of ABB's German

operations. Whether the work

would later come back to Ger-

many was another question, he

told journalists in Baden-

Mr Dieter Kirchner, head of



Tails up. British Airways is among a group of airlines likely to use the report to press for extension of the "open skies" policy

face flying with less aid Italy's Alitalia and Belgium's By Lionel Barber in Brussels

The long-awaited report by the "committee of wise men" on the future of the European Union's airline industry due out tomorrow is expected to call for greater competition, heavy cost-cutting and tougher curbs on state aid.

It is also believed to rule out creation of a special fund to prop up the region's ailing air-line industry beyond what is already available under the European Union's social fund. The European Commission ordered the creation of a com-

mittee of wise men last summer to analyse and propose possible cures for the crisis in the industry, which lost \$700m (£466m) in 1992. The group was headed by Mr Herman de Croo, former Bel-

gian transport minister. It also included representatives of the travel and tourism industry, as well as trade unions.

Its recommendations may draw fire from state-owned carriers such as Air France.

Sabena who remain worried about progress toward US-style deregulation. During bearings last autumn, this French-led coalition called for a freeze on sir capacity to prevent the slump in air fares. They also argued that some financial aid was necessary to help them restructure and tackle low-cost

On the other hand, a UK-led group of airlines is expected to use the report to press for an extension of the "open skies" regime and a ban on government subsidies to national flag-

The report itself does not rule out state aid, but suggests that it should be granted only in very limited circumstances. Last year the Commission authorised a [£175m (£167m) equity injection by the Irish government into Aer Lingue, but attached strict conditions.

The report's findings are non-binding and will be discussed at an informal meeting of EU transport ministers in

apparently at a loss after 20

months of punitive sanctions against Belgrade have failed to

prevent the carve-up of Bosnia.

magazine Aviation Week and

Space Technology says that

the CIA is sending two

But a recent report in the

Moslems claim thousands of Croat forces have been thrown into war

Zagreb denies troops in Bosnia

By Laura Silber in Belgrade

the Gesamtmetall engineering employers' association, told Officials in Zagreb have denied that thousands of Croatian Bild am Sonntag newspaper army troops are fighting Mosyesterday that even the unions conceded that 10 per cent of lems in central Bosnia, contracompanies in the sector would dicting mounting evidence of go bankrupt in a strike. "That Croatian and Yugoslav military involvement in carving means that hundreds of thouout ethnic mini-states in Bos-

Mr Marek Borowski, a dep-uty premier and finance minis-ter, has demanded an explana-

tion in writing from Mr Pawlak

ter, who has been responsible

for banking and financial ser-

vices since 1989, said he had

The dismissed deputy minis-

by tomorrow.

sands of jobs will be destroyed." he said. However, industry execu-Zagreb and Belgrade have tives are confident that serious consistently denied that they conflict will be avoided are trying to partition Bosnia because they doubt union between themselves at the members have the heart for a struggle. The automotive and expense of the Moslems. But the recent accord signed by mechanical engineering indus-tries alone shed 240,000 jobs Croatia and Serb-led Yugoslavia to normalise relations last year. Many large compahas compounded fears that the nies have also negotiated in-house deals, diluting the traing out the carve-up. ditional national pattern of agreements, but often incorporating measures to protect

citizens may be fighting as volunteers in Bosnia, adding that some may be wearing Croatian

army insignia. His denial of Croatian troop involvement was followed by a Sarajevo radio report that the Croatian army yesterday used helicopters to bombard Kute, a village in central Bosnia.

In a statement yesterday the mainly Moslem Bosnian army said that the Croatian army had deployed its seventh brigade to fight in disputed towns in central Bosnia, even sending 12,000 fresh troops, bringing the total to some 20,000 regular soldiers of the Croatian army. according to Saraievo radio. UN officials say some 5,000

two states are intent in carry-The head of the Croatian army political section, Mr tary hardware have been deployed in Bosnia. Despite frequent threats, the Drago Krpina, admitted on Saturday that up to 2,000 private

Polish row over control of state banking

insurance companies".

of my work and plans for the

privatisation of banks and

The dismissal follows the pri-

vatisation of Bank Slaski,

whose shares soared from the public offer price of 500,000 zlo-

tys (£15.40) to 6.7m zlotys, valu-

ing the bank at the equivalent of about \$2.9bn (EL.94bn) last

The prime minister, who

international community has stopped short of imposing economic sanctions on Croatia, like those in force in Serbia.

Croat army troops with helicopters, tanks and other mili-

Meanwhile, General Momcilo Perisic, chief-of-staff of the Yugoslav army, in an interview yesterday, denied any involvement in Bosnia. However, UN soldiers and local inhabitants have repeatedly witnessed the despatch of Yugoslav troops and equip-

ment across the frontiers. Soldlers from the elite paratroop unit, the 63rd brigade from Nis in eastern Bosnia, have reportedly helped execute big offensives launched by their Bosnian Serb counterparts, according to UN offi-

Despite the abundant evidence of Yugoslav army involvement, western governments have remained silent.

heads the PSL farmers' party,

appears to be using the outcry

over the disposal to make polit-

ical inroads at the finance min-

istry. When the coalition was

formed last autumn, the

finance ministry, like the pri-vatisation ministry, was

assigned to the Left Demo-

cratic Alliance (SLD), which is the dismissed minister's party.

Mr Borowski says he has is also planned.

unmanned reconnaissance aircraft to Albania to monitor troop movements, which suggests that they are planning to gather aerial satellite reports. Britain today will resume its relief convoys in Bosnia, ending a three-day suspension following the murder of an aid worker, Mr Paul Goodall.

The Overseas Development Administration yesterday said the 85 Britons would return to nian government had

their convoy teams in Bosnia. UN relief officials said the Bosannounced the detention of four suspects.

and general control body, to investigate the bank sale.

So far two big banks have

been privatised and a further

six are to be sold by the end of

1996. The Krakow-based Bank

Przemyslowo Handlowy is to

be sold by mid-1994 and a flota-tion of the state's holding in

the Warta insurance company

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Singapore Airlines offers you 42 flights from 14 European cities to Singapore every week. All connect to over 300 flights to the Far East, Australia and New

Zealand, and of course, all have inflight service even other airlines talk about. SINGAPORE AIRLINES Kawalec, a deputy finance min-ister, by Mr Waldemar Pawlak, been told by the prime minis-ter that he was being disthe prime minister. missed as a result of "a review French sing a song of Francophilia France is having a fit of the Francofollies and that's official. A Paris-based organisation called Franco-

By Christopher Bobinski

Poland's two-party coalition

government has been plunged into an internal struggle over control of the state banking

and insurance sectors, follow-ing the dismissal of Mr Stefan

folies will this week he promoting French songs in all of New York's French restaurants, in Amsterdam. Madrid, Copenhagen, Mainz and Ber-

praise of "the French song".

All this is the brainchild of Mr Jacques Toubon, France's culture minister who last week criticised Eurotunnel for dubbing its new subterranean rail transporter "Le Shuttle" instead of "La Navette". The government, said Mr Toubon, "refuses to consider the English language as an inevitability". But, in the view of France's eight national FM radio networks, a more serious form of Francofolly is about to

be imposed on them in the form of a

law that within two years will force

lin, and inside France mounting no

fewer than 1,500 concerts, radio shows

and school lectures in performance and

Musical defence of the nation is causing some discord, reports David Buchan

them all to raise the French content of the music they broadcast to a minimum of 40 per cent - half of that quota must come from "new French talent".

The bill, approved by parliament in December, has just been declared in keeping with the French constitution, and is expected to be passed into law this week. But Mr Javier Pous, secretary general of the SRN radio stations association, said: "We remain opposed to this infringement of the freedom of expression, and we are taking legal advice to see if it is contrary to European law".

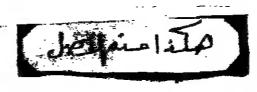
The current drive to protect French culture is thus for the first time creating internal controversy, compared to just the international row with the US caused by France's domestically popular and successful defence of its television quotas in the Gatt negotiations.

The reason is simple. The eight FM networks have all carved out separate niches for themselves, partly by varying the amount of Prench songs they play. This diversity has, up to now, been recognised by the CSA broadcasting authority which has in fact negotiated a range of French content quotas that go from 50 per cent for Radio Nostalgie, with its bent for accordionplaying and crooning, down to 15 per cent for the Fun and Skyrock stations.

"Some \$0 new French records come out every month," explains Mr Andrew Manderstam, head of the RPM popular radio network. "If we all have to go for new talent requirement - we will end up pumping out the same music." Listeners will lose out in having less

choice, and if they switch off, so will the recording industry that has strongly backed the new law, he points out. Mr Pons himself is angry, not because his M40 station which specialises in new French songs cannot meet the law's requirement, but because if all other radio stations do so too, "we would have no point in existing".

There is clearly a market for chauvinists. Skyrock itself has just set up Chante France, a Paris radio station with the jingle: "After Vercingstorix, Jeanne d'Arc and Charles de Gaulle, you now have Chante France, with 100 per cent French songs". But even Chante France is anxious about keeping its raison d'être as a distinctively Gallic beacon in an increasingly un-



power record challenges US

The multi-million dollar race to build the most powerful commercial jet engine was intensified this weekend by the announcement that Rolls Royce, the UK aero-engine facturer, has set a world

record by running its Trent 800 engine at 106,000 lbs of thrust. By topping the record of 105,400 lbs, set last year by General Electric of the US with its new GE 90 engine, the UK company has challenged its bigger US rival in the fierce competition to develop very large engines to power the new generation of twin-engine widebody airliners



GE, which said ROLLS its new engine had been designed to reach eventual thrusts of as much 115,000 lbs, is likely bу

respond running new engine above Rolls Royce's latest level.

There is at present no market demand for engines of 100,000 lbs thrust or more but GE and Rolls Royce appear anxious to show airline customers that their new large commercial engine programmes can meet potential emand for bigger and heavier derivatives of the new Boeing 777 twin-engine wide-body airliner and super jumbo 600-800seat aircraft now under study.

Pratt and Whitney, the other big US aero-engine maker, is working on a more powerful derivative of its PW4000 engine to equip this new generation of big airliners, but it has yet to run its engine at above 100,000

The stakes are high because of the huge cost of developing these engines. GE - with its French, Japanese and Italian risk-sharing partners – is spending \$1.2bn-\$2bn (£800m-£1.3bn) on the GE 90 programme. Rolls Royce is investng about £400m to develop its Trent engines, derived from its

The competition is all the more flerce because there is in prospect only one market application for these new to be rolled out for the first

time in April. also in combat over a \$400m engine order from Japan Air-

lines (JAL), which is expected to choose next month the engine for the 777s it has ordered. JAL has placed firm orders for 10 777s and options for 10 more

The JAL deal would boost the winning maker because large orders continue to be rare in the depressed commer cial aircraft market even while makers are having to invest heavily in developing new big

But they expect demand for bigger engines to grow in the longer term. GE estimates a potential market of up to 2,000 wide-bodied aircraft between now and 2012.

Boeing has indicated it requires at this stage thrust ratings of no more than 76,000 lbs and 84,000 lbs for the first two versions of its 312-400 seater 777s, but the engine makers are anticipating demand for heavier versions of the aircraft as well as development of other new large aircraft.

"Aircraft always get heavier, and the heavier versions have traditionally sold best," said Mr Russ Sparks, GE 90 programme manager.

Rolls Royce announced this month its intention to certify its Trent 800 engine for the Boeing 777 at 90,000 lbs thrust, instead of the originally planned 84,000 lbs, to demonstrate the growth potential of the engine. GE said it could offer customers 92,000 lbs of thrust very quickly with the first engine it is to certify at 84,000 lbs thrust in November.

While flexing their technological muscle, the engine makers are also in a race to cut costs. In the absence of an immediate market recovery and amid fierce competition, Mr Brian Rowe, chairman of GE's aircraft engine division, said the priority remained to



GE, which has set the pace in industry restructuring. expects to drop another 2,000 people from its

aircraft engine business this year. This will bring its worldwide aircraft engine workforce down to 22,000 by the end of the year, from 26,000 at the end of last year and 40,000 in 1986. Rolls Royce is also shedding was dropping 6,000 jobs between 1993 and 1994, to bring All three manufacturers are down its aero-engine workforce to about 24,000 by the end of this year.

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LEGAL NOTICES

NOTICE OF APPOINTMENT OF BEWINDVOERDERS ("ADMINISTRATORS") TO ALL DEPOSITORS AND ALL OTHER CREDITORS OF

BANCO LATINO N.V.

PLEASE TAKE NOTICE that on January 19, 1994, a petition was filed on behalf of BANCO LATINO N.V., a corporation domiciled and with its place of business in Curacao, Netherlands Antilles, for the purposes of obtaining for the benefit of BANCO LATINO N.V. a provisional official moratorium. With application of article 206 of the Bunkruptcy Act of 1931, the provisional official moratorium was granted on such date by the Court of First Instance of the Netherlands Antilles and Messrs. J.M. Hebly, magister juris, and E.A. Seferina, certified public accountant, have been appointed bewindvoerders ("administrators") of Banco Latino N.V. to conduct, jointly with debtor, the management of its business.

PLEASE TAKE FURTHER NOTICE that the Court of First Instance of the Netherlands Antilles has further ordered that the creditors of BANCO LATINO N.V. be summoned to appear at 8:00 in the morning of Friday, April 15, 1994, in the courtroom of said Court in the City of Willemstad in Curacao in order to be heard regarding the aforementioned petition before a decision is rendered on the final granting of the official moratorium

PLEASE TAKE FURTHER NOTICE that depositors and other persons who may have any claims against or otherwise be creditors of BANCO LATINO N.V. are requested to contact Messes, J.M. Hebly and E.A. Seferina at BANCO LATINO N.V., P.O. Box No. 785, 61 de Ruyterkade, Willemstad, Curacao, Netherlands Antilles, with proof of such claim by Monday,

METRO CONSTRUCTION UR LIMITED

Nation is beauty given that a meeting of the name to nevel company's creditors has been tamewed under Section 23 of the insurancy Act 1956. The meeting is to be held at The oth upon Type NE12 SUS at 10.30 am ma 113 Echnology 1944, If you wish to work at the accurage a provise form must be ladged at the attention of Coopers & Lybrand, Hadron House. Higham Place. Newcastle apon Type no later han 12 maps on the day preceding the meeting. together with a statement of claim. Dured 24 January 1994

UK air engine Kohl heads west thinking of east Futures trading

this would cause splits in the military.

He noted that the high command had

consistently supported democracy but he

expressed concern at what the new, "pre-carious government" would do. Mr Cal-

dera won the presidency last month with

only 30 per cent of the vote in a poll with a

Vice-Adm Muñoz said that he and the

other six members of the military high

command would formally resign today.

The incoming government has announced

that the new minister will be an army

40 per cent abstention rate.

By Judy Dempsey and Arlane Genillard in Bonn

Mr Helmut Kohl, the German chancellor, begins today a two-day visit to Washington which, according to diplomats, will focus mainly on developnents in Russia.

Germany and the US are increasingly aware that Nato's Partnership for Peace programme, designed to lead to more co-operation with the countries of eastern Europe, will also have to evolve into a new security structure.

German diplomats say that Washington and Bonn will now have to decide what form any additional aid to Russia should take after the resignation of key reformers from the Moscow government. They will also have to agree on what

By Joseph Mann in Caracas

The decision by Venezuela's president-elect, Mr Rafael Caldera, to

replace the minister of defence and the

military high command caused an angry

public response from the outgoing defence

chief at the weekend, raising fears of a

new military confrontation in the country.

The outgoing minister, Vice-Adm Rádames Muñoz Leôn, said that he and

the high command were "humiliated" by

the president-elect. The admiral warned

relationship they want with both the ousted reformers and

the new cabinet. However, there is concern in Germany that the rise of Mr Vladimir Zhirinovsky, leader of the Russian far-right Liberal Democratic party, is forcing European Union members and the US to focus too much attention on Russia at the expense of integrating eastern Europe at a faster pac German officials in Washing

ton are likely to repeat that eastern European countries require crucial economic assistance via greater trade liberalisation. "It is not just the Partnership for Peace which must serve as a psychological should] the economic sphere, a senior German diplomat said. He added that greater liberal-



Kohl: Off to Washington

isation, from the EU and the US, for imports from eastern Europe, as well as greater support for creating cushions against the reforms in the region, were crucial for eastern Europe's stability.

At the recent Nato summit in Brussels, President Bill Clinton stressed the need for reater investment in eastern Europe. But German officials. despite resistance from Germany's agricultural and steel lobby, still insist this be coupled to greater market acce Also, Mr Kohl will lobby Washington for the US busiess community to invest in both eastern and western Germany. Mr Clinton, however, is expected to remind Mr Kohl that breaking into the German market, especially eastern Germany, has proved difficult because of resistance from monopolistic structures and high labour unit costs.

officer, Mai-Gen Rafael Montero Revette

Mr Caldera, 78, who is to be inaugurated

as president on Wednesday, seems to have

decided to change the high command so as

to give his government a fresh image.

However, the move was seen as an unnec-

essary shock while Venezuela is in a

period of political instability.

faces corruption charges.

Venezuela defence minister dropped

about \$150m, he said. Mr Noemi said internal controls - including ones that set a maximum loss of \$1m in any single operation - had proved ineffective. "The failure of these controls permitted Mr Dávila to lead the company to

In 1992 there were two coup attempts Last year a wave of bombings hit the capital and political upheaval attended the fall of President Carlos Andrés Pérez, who

loss at Codelco may hit \$200m

Codelco, Chile's state coppe company, yesterday admitted that losses on futures trading over the past four month amounted to a "provisional" \$200m (£134m), double the figure announced last week.

Mr Juan Pablo Dávila, Codelco's chief futures trader, is alleged to have committed a series of errors - without the knowledge of his superiors which led to the unprecedented

"Unfortunately, in the past two days, we have detected that there were also operations in gold and silver...in which we have made losses of more than \$50m," said Mr Alejandro Noemi, Codelco president. Losses in copper futures were

this disaster," he said.

Mr Dávila, who has admitted through his lawver to having conducted loss-making transactions, has been helping Codelco executives to quantify the extent of the problems. How-ever, he has been unavailable for public comment.

Mr Noemi refused to answer questions as to how Mr Dávila, acting alone, could have extended lines of credit with brokers above normal limits. " have to keep this secret," he

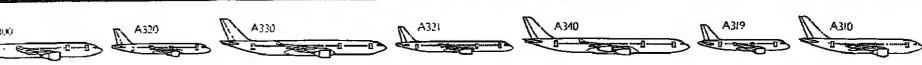
Mr Jorge Bande, acting vice-president for marketing, said: "We are investigating who requested the lines o credit, if they were indeed requested, and who approved them, if they were approved. Referring to reports that Mr Davila had committed Codelco to futures contracts involving 1.8m tonnes of copper, Mr Bande said: "This figure appears enormous, being nearly twice Codelco's Jannual production. But you have to understand that these operations involve entering and leaving the market several times a day. Therefore the operating volume could reach

im tonnes or more. About half of these contracts, maturity dates for which will come due throughout 1994 and 1995, remained open, he said.

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Israeli health Pact drives coalition into LDP's arms minister may resign

Israel's crisis-prone coalition government came under renewed threat last night as Mr Haim Ramon, the health minister, said he was on the verge of resigning in a row over health insurance and the power of the Histadrut, the trade union federation.

Mr Ramon, a popular spokesman for the reform wing of the Labour party, said he had little alternative but to resign after the Labour convention rejected his health insurance bill to separate health insurance contri-butions from the Histadrut and its healthcare system, the

Mr Ramon's bill also called for all insurance contributions to be collected by the National Insurance Institute rather than the Kupat Holim Clalit. The convention voted for a compromise, maintaining the link between the trade union and the Kupat Holim, leaving the Kupat Holim with 50 per cent of the insurance dues.

In a bitter speech to Labour delegates Mr Ramon yesterday said the public wanted to separate politics from health, and the compromise bill would encourage people to leave the Labour health institutions.

The Histadrut, he charged, wanted to use health insurance contributions for political pur-

Mr Ramon's bill was clearly intended to divorce the Histadrut from health and is generally considered to have majority support among the Israeli

meet in special session tomorrow to discuss the crisis. Mr Ramon said if the cabinet endorsed the compromise bill he would definitely resign.

Mr Yitzhak Rabin, prime minister, who reluctantly backed, the compromise, warned the move was unpopular, might not have a majority in the Knesset and could even bring down the government. He warned however, that the vote of the Labour convention was binding on all 44 Labour Knesset members.

The first reading of Mr Ramon's bill won approval in the Knesset by 54:1, and Mr Ramon said last night that if the government allowed a free vote his bill would win 110 of the 120 Knesset members.

Mr Binyamin Netanyahu, leader of the opposition Likud, said yesterday his party would vote against the compromise and in favour of Mr Ramon's

Inside the coalition government Mr Amnon Rubinstein. minister of education and member of the 12-strong Meretz party, said he would vote against the compromise bill in the cabinet, and said the majority of the Knesset would

Political observers said Mr Ramon, widely tipped as a leading candidate to succeed Mr Rabin as prime minister, had effectively launched his campaign for the top political post by siding with the public and the reform wing of the Labour party against the Hista-drut and the old guard leader-

Historic agreement will weaken Hosokawa, reports William Dawkins n Japanese politics, great of the LDP. Mr Hosokawa victories are usually recognised this over the week-

cratic party and accept a less

radical version of his own

plans. The original scheme,

voted down in the upper house

a week earlier, would have

bulldozed the old structure of

money politics. Now the out-

look is for gradual change; the

foundations will shift and

In particular, Mr Hosokawa

had to tone down his proposed

curbs on political funding and

accept an electoral system

more favourable to big parties.

Snatched at the last minute

from a hopeless deadlock

between the seven-party coali-

tion and the LDP, the accord is

It retains a central point of

the original proposal; to scrap

the present system of multi-

seat constituencies in which

several candidates from the

same party compete for votes.

the main feature in Japan's

costly, corrupt poll campaigns.

Failure to achieve that cru-

cial change brought down two

of Mr Hosokawa's prime minis-

terial predecessors, since the

plans were first mooted five

years ago following the Recruit

shares-for-favours scandal.

Helped by strong public sup-

port, Mr Hosokawa has suc-

ceeded where far more experi-

Yet the first consequence of

enced operators have failed.

nevertheless remarkable.

end when he announced he achieved only after the loswould seek LDP co-operation ing side has been mollified. to draw up an economic stimu-So it was on Saturday when Mr Morihiro Hosokawa, the lus package. Mr Hosokawa's compromise. prime minister, succeeded in getting parliamentary agree-

as he freely admitted, has upset the left wing of the ment to reform the electoral Social Democratic party, the system and curb corruption, coalition's largest and shaklest and in the process avert the partner, which is committed to collapse of his government. banning corporate donations. To achieve a deal, Mr Hoso-Now that the government's kawa had to bow to the will of the opposition Liberal Demo-

main task of political reform is out of the way, the socialists will have even less in common with their coalition partners. beyond a taste for power. The socialists will also oppose moves to increase consumption tax and seek a permanent seat on the United Nations Security Council, both of which will probably be on the agenda in the coming year or so.

So it is no surprise that the 17 socialists who voted against the four bills threatened over the weekend to form the nucleus of an independent group. At the same time, some coalition members are doing their utmost to encourage LDP supporters of reform to join the government.

This means that Mr Hosokawa's vision of a two-party structure of the coalition and LDP looks less plausible. Some political observers think the trend is now shifting towards a large centre-right coalition ironically resembling the LDP in its heyday - excluding antireformists on left and right. Others believe a fresh round of defections from the LDP and the Socialist party will lead to a two- or three-party system. Either way, they agree that Japan is set for a long period of coalition governments.

Another result of the agreement is that the change in political style symbolised by



Prime Minister Moribiro Hosokawa (right) and Foreign Minister Tsutomu Hata congratulate one another on their victory

MAIN POINTS OF AGREEMENT

Main points of Japan's political reform agreement (government's original proposal in brackets)

 Lower house seats: 500 (500) • Single-seat constituencies: 300 (274)

Proportional representation seats: 200 (226)

Proportional representation base: 11 regions (nation) Minimum votes a party must get to qualify for a proportional representation seat: 2 per cent (3 per cent)

Donations to individual politicians: allowed through one fund-raising organisation per politician, up to Y500,000 per year per private sector corporate donor, to be phased out after five years (donations to be banned, except to parties)

State subsidies for parties to make up for restrictions on corporate donations: Y30.9bn overall, subject to a ceiling of 40

per cent of party's income in previous year (Y30.9bn, no individ-

 Door to door campaigning: Now prohibited (permitted from Sam to Spm)

Independent body to draw up new electoral boundaries.

tions is far from complete. Las: summer's political realignment brought a straight-talking prime minister, a refreshing contrast to his elliptical predecessors, plus a tendency for confrontation in parliament, instead of the tradition of forming consensuses

reinforced over the past few weeks, with dramatic parliamentary ballots on reform, first in favour in the lower house, and then against in the upper chamber. Television viewers have observed members of parliament emerging from angry committee meet-

as if Japan is "shifting from a predictable non-voting democracy towards an unpredictable voting democracy", in the words of a senior Japanese securities company executive.

Yet in the end the deal was thrashed out in the traditional manner, in a late-night private meeting with Mr Hosokawa and Mr Yohei Kono, the LDP president. A week of bitter encounters between their subordinates in parliamentary committees had led to such complete deadlock that Mrs Takako Dol, the upper house speaker, had to call on the two leaders to negotiate personally.

Mr Hosokawa was keen to meet Mr Kono from the start, but the LDP leader was reluctant, unable to decide whether opponents or supporters of reform were winning an internal battle in his own party. The risk of defection by 70 LDP reformists finally persuaded Mr Kono that a deal was neces-

When the two leaders' compromise was presented to the upper and lower houses on Saturday evening, members of parliament stood meekly, in the old style, to give their assent, Out of the 761 members of the upper and lower houses, a mere 42 - all socialists or

LDP members - broke ranks. Just how much difference the new rules will make to the practical conduct and outcome of general elections cannot be predicted, according to political observers. The general aim is to encourage politicians to seek votes on the quality of their policies, rather than their ability to fund local swimming

pools or roads. But traditions change slowly in Japan. The politicians campsigning under the new system, in a general election expected some time this year,

Iran must. 'curb oil revenue hopes'

vesterday told the government to scale down its hopes for oil revenue to \$10.15bn in the year starting March 21, Renter reports from Tehran

The figure compares with a government estimate of \$11.84bn next year, actual oil saies of about \$14bn in the current year and a 1993-94 target of \$17ba.

The government has warned deputies that reducing the extimate may force it to cut oil industry development.

The deputies' calculation was based on sales 10 per cent below present levels. Their price estimate was not spelled out but some said in debate that \$12 a barrel was more likely than the government's hopes for \$14.

"We set the celling of oil ? revenues at \$10.15bn," Mr Kazem Mirvaled, secretary of the joint budget and planning, economy and commerce committees, said.

"Considering the situation of the world oil market, among various alternatives we chose the most realistic," he said. "We reduced oil exports by 5

per cent of the present level. We allowed another 5 per cent reduction for the likelihood of resumption of Iraqi exports." Mr Mirvalad was speaking on the second day of a debate on the budget for the Iranian year beginning March 21.

Deputies have also called for the government's estimate for next year's total state reveanes to be cut to \$17.6ba from \$19.3ba, to take account of a fall in oil prices.

Mr Masoud Rowghani Zan-jani, an adviser to President Akhar Hashemi Rafsanjani, yesterday told parliament that deputies would jeopardise oil development if they cut projected revenues in the new budget, the official news agency IRNA reported.

The government had drafted the budget so that "most of the country's expenditures could be carned through tax revenues".

This year, parliament is debating the budget in two stages for the first time since the 1979 revolution. It will discuss revenues over three days. Two weeks later it will discuss expenditure.

Iran's Organisation of Petroleum Exporting Countries (Opec) production quota under the current accord which runs until March 31 is 3.6m barrels

rneg 211.4 crude oil exports and \$346m from exports of oil products in the past 10 months, Iranian

television reported. Iran's budget for the year ending March 1994 anticipated oil revenues of \$17bn. World oil prices have fallen about 30 per cent since the budget was

the agreement on reform will the end of 38 unbroken years of will on the whole be the same ings, red in the face and baf-fled. All this has made it look public, the Knesset (parliabe to weaken the fragile coaliin smoke-filled rooms. LDP rule in last July's elecment) and perhaps even the tion and drive it into the arms The change in style seemed people wearing new labels. Algeria's hardline defence chief appointed head of state



Gen Zeroual: Army should 'help forge a national consensus'

By Francis Ghilès

General Lamine Zeroual was yesterday appointed Algeria's new head of state by the High Security Council which has ruled the country since multi-party elections were

suspended two years ago. Born in 1941 in Batna, at the foot of the Aures mountains from where the war of independence was launched on November 1 1954. Gen Zeroual was not trained in the French army as was the case of many of his peers. He attended military schools in the former Soviet most respected senior officers in the Algerian army.

He has commanded a number of military regions, notably the Tindouf on the sensitive south-west frontier with Morocco, the military academy at Cherchell and the land forces. He resigned from the latter post after the bloody riots of October

A senior official of Algeria's central bank yesterday said that delays over repayment of medium- and long-term loans were of a "technical" nature, writes Francis Chilès. In no way did these delays, which the central bank was seeking to remedy, represent a change in the country's long-standing policy of

He was recalled from retirement last July to become minister of defence, a portfolio he will retain. In a rare interview last October, Gen Zeroual said the army would not zet involved in parti Its purpose is to help forge a

national consensus". Such remarks suggest a willingness to open dialogue with the now hanned Islamic Salvation Front (FIS) which was headed for victory before Algeria's first multi-party parliamentary elections were cancelled in Jan-

The battle against the Islamic fun-

servicing its foreign debt, he said, "Such a change of policy would make little sense at a time when we are close to agreeing a package of economic reforms with the Interna tional Monetary Fund." Algeria's hard currency reserves, exclusive of gold, currently stand at an estimated \$1.5bn (£1bn).

damentalists, which has cost more than 3,500 lives since the elections were scrapped, has been left to Gen Lamari. Given his credentials as a hardliner, Gen Zeroual could be betdation with FIS leaders to bring an end to the violence.

Algeria's fifth president since independence in 1962 faces two challenges. The first is to end the growing civil strife, either by talking to the FIS or by "eradicating" fundamentalists, as some of his peers would wish. The second is to reach agreement with the International

loosen the noose of foreign debt repayments which, in 1994, will absorb 10 per cent of the country's oil and gas export revenue. Iran's official radio yesterday said the appointment of Gen Zeroual as Algerian head of state would deepen

Monetary Fund on reforms and to

the conflict with Islamic militants.
"This has placed the crisis-ridden country of Algeria on a path that is even more uncertain than before," Tehran Radio said soon after Gen Zeroual's appointment was

"The ruling High State Council tions two years ago and took power illegally has now violated Algeria's constitution once again," said the

Algeria last year broke off diplomatic relations with Iran, accusing it of supporting the Moslem fundamentalists. The radio said some military units had joined a newly formed Islamic Liberation Army in Algeria

INTERNATIONAL PRESS REVIEW

GOVERNMENT OF THE STATE OF CEARA

Central Committee for Bids - Bidding Notice International Open Bid Nº 002/94

The Central Committee for Bids, on behalf of the Secretary for the Urban and Environmental Development of the State of the Brazilian construction companies and the fareign surfaced companies in countries which are members of the relaping Bank-IDB to participate in the International Open 64 Nr 002/94, for the purpose of contracting works and services STRUCTURE PROCRAM - SEWER SYSTEM OF THE UTV OF FORDIAIDEA. The patient works and reference on the following the Contraction of the Contr

LOZ	LIST OF THE WORKS	EXECUTION TELA SUCCESSIVE MAY
91	02 Water Raising Sesions with flows of 410-1420 l/s	360 days.
61	04 Water Reigning Stations well flow of 6-340 l/s	360 days
83	SUB BASSN K1-25 2 im Sever System plus 3,171 house connections	490 days
M	SUB BASIN K2-94.8 km Sower System plus 9,715 commodiens	600 days
95	SUB BASIN Q5 49 3 km Sever System plus 7,237 hours connections	540 days
4	338 BASIN GG-67 km Sever System plan 9,544 Imaze corrections SUB BASINS B-1 2, B-1.3-3 O km secred-trainage, 2.0 km microd-trainage	570 days
87	SUB BASIN CIT- 40 km Server System plus 7,317 house econocious/SUB BASIN 8-1 6-28 km attendratingge	S10 days
00	SUB BASING CE-3, CE-3-45 6 km Sever System plus 10,726 corrections/SUB BASING B-1.5, 82, 82.1-8.0 km microdysinage	510 days
87	SUB BASING 501, 502 - 62.4 km Sound System plus 7,089 gammations	570 days
10	SUB BASIN SD3-35.7 km Sever System plus 5,110 conventions SUB BASING C-3-5, C-3-6 (NORTHERN RAW OF CHANNEL C-3.5) - 1.7 km migradulunge	570 days
11	SUB BASING SD4, SD5-132 I lan Sever System plan i 6,694 connections SUB BASING A2, A2.3, A2.4, C3.3-10 B for meand-ninopy/ 12.0 lan microdramage	570 days
12	SUB BASIN A3-0 9 km mocrodrainogs / 12.9 km microdrainogs	570 days
13	SUB IASN A4-23 km respectratege - 6 8 km microchainsge	570 dan
14	SUB BASIN SD7- 47. 6 km Sover System plus 3,600 consendors SUB BASINS CL 4, CL 6 (SCURHEIN PART OF CHANNEL CL 5) - 2.4 has macredistinage / 5.6 km microdismage	570 days
15	SUB BASIN SUB- 02.5 km Sever System plus. 13,454 connections. SUB BASINS C3 I, C3.2-1.5 km seasond-ninoge - 13.3 km microdominoge.	570 days
14	SUB BASINS SD5, SD9-68.6 has more dramage plus 8,975 connections SUB BASINS CA, CS, C6-3 2 more drainings and 7.6 km corondorisings	540 days
17	9.8-84045 SE2 SE3 - 47, 0 km Sever System Rus 10 147 corrections 5.68-84045 CB 2.2, CB 2.3, CB 2.1, CB 1.2 - 2,6 km microdyninogs	540 days
18	Installation of 30,000 water meters	300 days
19	installation of 30,000 water maters	300 days
]		1

All the above works will be funded by the Basic Substructure Program-Sever System of the City of Fortaleza through partial Researcing from the leterametrican Developing Book-IDB under the letters of an agreement between that Basic and the Covernment of the State of Cours and All the above works well be funded by the Busic Substructure Program-Sever System of the City of Fortalizes Brough partial Heancing from the leteramerican Daveloping Boak-IDB under the terms of an agreement the board and the Covernment of the State of Cours and the constructing of the works shall comply with the provisions of the financing agreement ms. 6°S/CC-BR and 972/SF-BR signed by the parties on December 9, 1992. The capability documentation and the bidding rout be delivered on May 5, 1993 of flow Silve Powler 324, Addeduct, Fortaliza Court-Brosil, in two separates seeded envelopes which part contains Extended Court-Brosil, in two separates seeded envelopes which part contains Extended Court-Brosil, in two separates seeded envelopes which part contains Extended Court-Brosil, in two separates seeded envelopes which part of Court-Brosil Administrative Virgilia Titura.

The proclamation shall be furnished by the Secretary for Urbon and Environmental Development, of the Research of Court-Brosil Administrative Virgilia Titura.

· Combabo · Fertaleza · Cearté, Brazil, under the payment of the fee in the amount of CR\$ 40,000.00 (Forty thousand cruzaires resis), from January 31, 1994 to April 23, 1994.

SECRETARY FOR THE URBAN AND ENVIRONMENTAL DEVELOPMENT OF THE STATE OF CEARA - SOU

Spain

A general strike forces everyone to stand up and be counted. And so it was with the Spanish press as it reviewed last Thursday's call by the unions to bring the country to a standstill. The day after the strike, the press examined the same glass and judged whether it was half emoty or half full

A lot of people stood up and stayed away from work (many because they feared pickets) and a lot of other people went to work (many because they feared blacklists). El Mundo came out on the side of the majority backed the strike". El País did not and it put a laconic "The strike was not general" across its front page.

There were photographs to suit every mood. Spread across five of its six columns, El País used a shot of union militants standing on a railway track holding up a commuter train. El Mundo gave similar prominence to a picture of riot police in full gear protecting a shopping precinct.

La Vanguardia, the main Barcelona newspaper, highlighted a good example of Catalan consensus. Its front-page photograph had police, wearing everyday uniforms and not a baton or rubber bullet in sight, patiently persuading pickets to move along so that those who wanted to go to work, or wherever, could board the city's metro. La Vanguardia entitled its editorial comment: "A not very general strike".

The leader writers at El País and at La Vanguardia came out solidly in favour of what had triggered the strike in the first place: the government's decision to deregulate the

labour market, particularly its rigid hiring and firing rules. In contrast, El Mundo's editorial urged the government to amend its economic policies in order to avert "a dangerous and widespread sense of frustration and impotence".

United States

be a southerner.

Ever since it coruscated Bill Clinton for not sending his daughter to a state school. New York Times editorials have not shown a general predisposition to be kind to the president. Some ascribe this to the newspaper's long-standing liberal principles others to a particular animus on the part of Mr Howell Raines, the Times's distinguished editorial page chief, who also happens to

It was therefore, perhaps, noteworthy that the newspaper's leader column took its time to comment on Mr Clinton's State of the Union message last week. And when it did, 48 hours after the event. it almost skipped over any comprehensive assessment, preferring instead to turn its critical ouns on the omnibus crime bill already passed by the Senate. Just about all it could say in his favour was that "with a combination of smart legislating and public education, Mr Clinton can make it hard for the Republicans to reassert their claim on the crime-prevention franchise*.

Another newspaper whose editorials, for different ideological reasons, do not like the president much, the right-wing Wall Street Journal, was horrified by his "diktat" on healthcare, threatening to veto any bill that does not include universal

insurance coverage ("If anything like the Clinton plan ever passes, don't get sick"). But, in its own typically quirky, semi-sarcastic way, it contessed to being "impressed" by the president's holistic approach.

"What the Clinton strategy

does have going for it is Bill Clinton. As the State of the Union rhetoric made clear, this is a new kind of presidency. Mr Clinton does not merely appeal to the electorate, he tries to envelope it . . . we have, it seems, entered the age of the co-dependency president." The phenomenon clearly womes the Journal. if only because of the off-chance that it might work. Other comment ranged all over the journalistic lot. The Washington Post commended a "strong speech," the San Francisco Examiner found it "oddly passionless" though the San Diego Union-Tribune thought it "highly emotional", the Baltimore Sun rated the president "more experienced,

more confident", the St Louis

Angeles Times complimented

"a doubly daring venture" that

was "far more than rhetoric".

Post-Dispatch "lacking in

initiative", while the Los

Australia

The comings and goings of top personalities have dominated the Australian papers all week. For Alan Griffiths, the nation's upwardly mobile industry minister, it was a question of going. The Melbourne Age revealed at the weekend that his partner in a sandwich shop venture

was alleging that party funds had been used in the ailing business, and although denying any impropriety, Mr

The Irony of having a promising ministerial career unpicked by a sandwich shop in Melbourne's Moonee Ponds suburb - "best known to most Australians as the home of Dame Edna Everage" - did not escape the Sydney Morning Herald. "It looks bad when the minister in charge of industry development in

Australia cannot profitably run a sandwich shop," it commented. Next day, under the headline "A legend in its own lunchtime" the Herald profiled the eatery, explaining why gleeful competitors reckoned chicken and avocado sandwiches at A\$2.70 (£1.20) were a non-runner. But it was the arrival of Prince Charles, and the

subsequent Australia Day lunge by David Kang, an anthropology student, which commanded most attention. The Australian press, not overfussed by the royal visit at the outset, cleared its front pages on Wednesday although The Australian still gave more prominence to the prince's conciliatory remarks on the republic issue than it did to the Kang incident.

But much-applauded royal sang-froid didn't seem to win votes. By the weekend The Sun-Herald was citing a mid-week pail of 600 people in Sydney and Melbourne which showed that public support to retain the monarchy had dropped to around 41 per cent, from a previous high of 52 per cent. "Republic Rockets", it declaimed, adding - in letters one-fifth the size - "but tour boosts Prince

Brazil

The defeat inflicted on Brazil's finance minister, Mr Fernando Henrique Cardoso, last week,

when Congress failed to pass his proposed corporate tax increase, gave the media a chance to muli over the outlook for October's

Mr Cardoso's troubles stemmed from Congress' inability to muster a quorum. He criticised the congressional habit of taking long weekends away from the capital Brasilla. But the press wondered if his enemies had used the episode to damage Mr Cardoso's election chances.

The Gazetta Mercantil, the main business newspaper, talked of an accord between the centre-right parties to delay Mr Cardoso's economic restructuring plan, seen as the first step to his candidature. The paper said the plan still looked likely to go ahead, but the minister was running out The election front-runner,

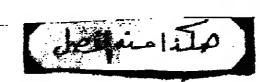
Mr Luis Inécio Luia da Silva.

of the left-wing Workers' party,

went campaigning in Amazonia and was pictured planting trees and wearing an Indian headdress. The weekly news magazine Veia concentrated on infighting within the Workers' party and said industry was confused over who was in charge. Mr da Silva's near 20-point lead in the polls has started to worry politicians of every hue. It even promoted the right wing mayor of São Paulo, Mr Paulo Maluf, to say he might stand down from the race if t helped someone else best

Mr da Silva. But perhaps Mr Maluf, not reknowned for his modesty, is losing his touch, On Saturday he crashed his Porsche 911 in the rain. Luckily he was unharmed.

Contributions from Tom Burns. in Madrid, Jurek Martin in Weshington, Nikle Tait in Sydney and Angus Foster in



EU in disarray over China trade row

Plans to end a debilitating row within the European Union over trade with China are in disarray, with only seven days to go until ministers are supposed to settle the issue.

EU diplomats will meet in Brussels twice this week to try to decide whether to recommend abolition or harmonisation of national quotas on certain Chinese imports to the EU, including bicycles, kitchenware, training shoes and

toys.
US and European manufacturers with plants in China are afraid that after more than a year of indecision, foreign and trade ministers may now rush into an agreement on a series of EU-wide quotas at their meeting next Monday.

Makers of expensive training shoes, such as Reebok and Nike, are particularly worried

products. There is also concern about the proposed limit on toys, which the European man-ufacturers say is unnecessary, and the planned quota for Chinese bicycles, which are already subject to antidumping duties.

At the same time as approving the Gatt world trade accord on December 15, EU foreign ministers agreed to strengthen the Union's trade defence mechanisms, making it easier to act against dumping and subsidised trade.

in principle, that agreement was supposed to lead to an accord at next week's meeting on the abolition or harmonisa tion of thousands of national quotas on imports from "state trading countries", the most important of which is China.

Most of those national quo tas will now disappear, but member states are locked into

UK, Denmark and the Nether lands - and a southern camp led by France, about which o the few remaining quotas to harmonise at EU level. They strict the quotas should be. Germany is particularly conbecause it abolished all its remaining national quotas at the beginning of last year.

"The December 15 comp mise was the kind of political deal that you make by providing some nice wording, but with all due respect to the Belgian presidency it wasn't a compromise in the sense of bringing minds together," said one national official last week.

National quotas can no longer be enforced, because last year's abolition of controls on goods at internal EU borders makes it impossible to check on products leaving or enter-

Beijing extends freeze on new capital projects

By Tony Walker in Beijing

China has extended its freeze on new capital spending projects until the end of this year as part of efforts to combat inflation and ensure key existing infrastructure projects are equately funded.

The state council, China's cabinet, announced at the reckend that "no new fixedasset investment projects" would be approved, with the aim of keeping a "tight rein on the country's fixed-asset investments in 1994".

The decision effectively

July under a 16-point programme designed to stabilise the rapid growth of the economy. The leadership has promised to lower growth to 9 per cent this year compared with 12.8 per cent last year, but it faces a delicate task

A western economist in Beijing said the state council's decision did not amount to an outright ban on new projects. Those that were self-funded or where funds were secured abroad would be allowed to proceed

The council statement made

erty development, including industrial zones. Last year's explosion of speculative investment in both was blamed for China's overheat ing problems. Fixed asset investment grew by 47 per cent in 1993 compared with 1992. This year's target is for 14 per cent growth to Yn131bn year's figure of Yn115bn.

The state council is also calling for closer supervision of foreign investment to "encour age investment in domestic

Wave of executions in anti-crime campaign

By Tony Walker

ens of alleged criminals have been put to death across China in what appears to be an sitempt by the judicial authorities to clear their books before the Lunar New Year holiday. traditionally an occasion for family reunions.

Reports over the past few days from Beijing, Guangzhou. Shanghai and elsewhere indicate a widespread campaign is under way to remind the populace of the severe penalties for a wide range of crimes.

According to a recent report y an Australian human rights tion, at least 55 offences carry the death penalty. The delegation expressed concern that categories had recently been extended to include "eco-

International human rights groups regularly question China's predilection for capital punishment as a means of dealing with crime.

A report published last year by a mission to China led by Lord Geoffrey Howe, Britain's former foreign secretary. expressed concern about reports of execution within public view, of instances of convicted persons being paraded in public prior to execution, and of the use of organs from executed for spare

part surgery' The Howe mission urged the Chinese to reduce the number of capital offences, to apply the death penalty more sparingly

nomic crimes" such as embez-zlement and the production of duct for execution that would by the condemned.

Hundreds of officials, most of them relatively junior, have been executed since the anticorruption campaign began last July. No official statistics are available for the number of executions in China last year, but the figure almost certainly exceeds that in 1992.

According to Amnesty International the number of executions annually has risen sharply since 1989, the year of the Tiananmen Square massacre. In 1989, 370 death sentences were imposed of which about two-thirds were carried out. By 1992 the figure had risen to 1,891 imposed and at least 1,079 carried out.

NEWS IN BRIEF

N Korea attacks **US** missile plans

North Korea yesterday called US plans to bolster South Korea's missile defences "warlike", and said they should be scrapped if Washington hoped to reach agreement on inspection of the North's nuclear programme, AP reports from Tokyo.

The US and the South Korean authorities will have to take full responsibility for the consequences to be entailed by their military steps," the official Workers (Communist) party newspaper

soid. It did not elaborate.

Last week the US disclosed plans to send Patriot missile batteries to South Korea to boost defences against a possible North Korean rocket attack.

Gains for Taiwan opposition

Taiwan's governing Nationalist party has won local government elections but the main opposition Democratic Progressive party (DPP) and independent candidates made strong gains, Renter reports from Taipei.

The Nationalists won 214 of 309 village and town mayoral posts at stake in Saturday's polls, which were marred by allegations of vote-buying and campaign violence. They won 260 mayoral posts in the last elections, in 1990. The DPP more than tripled its number of mayoral seats to 21 from six. The polls will not after the halonce of rough it control of the polls. the balance of power in central government.

Malaysian dam project defended

Malaysia has awarded a \$5.6bn (£3.73bn) dam project in Sarawak state to a company headed by Mr Ting Pek Khiing, a local tycoon, despite environmentalists' warnings of ecological disaster, Reuter

reports from Kuala Lumpur.
Prime Minister Mahathir Mohamad, launching the project defended the government's decision and said it was vital for the country's energy needs. The project would generate 2,400MW of electricity a year, mostly for peninsular Malaysia, Mr Ting said.

Delhi drops airline restraints

India has cleared the way for its state-owned domestic and international airlines to become publicly held companies. Reuter

reports from New Delhi. According to newspaper reports, the government has issued a special ordinance scrapping a 1953 parliamentary act that nation alised air services in the country and prohibited private airlines.

Seoul fails to cool share deals

By John Burton in Secul

The Seoul bourse has surged to a four-year high, in spite of government efforts to cool the market. The general share index rose 2 per cent to 946 on Saturday, a day after the government announced new share issues would be increased to soak up liquidity and that financial institutions would be encouraged to sell stock.

The government wants to curb stock speculation, fearing it could divert funds from the industrial investment needed to boost economic growth this

The finance ministry said it would raise the amount of permitted new share issues this year by Won3,200bn to Won10,200bn (£8.4bn). This would include an initial share issue by Korea Exchange Bank and a new rights offering by the Commercial Bank of Korea. It also urged domestic institu tional investors to sell

Won3,000bn worth of share Funds are flooding into the exchange because of low interest rates depressing the bond market and recent government efforts to stamp out specula tion in the property and unofficial loan markets. Korean companies are also expected to

report higher earnings. The 7.8 per cent rise in the share index last week also reflected the inclusion on the Seoul exchange of Samsung Heavy Industries, a big ship-

SIEMENS

Information for Siemens shareholders

Weak domestic business – growth in the international market

Different regional economic development brought Siemens uneven growth also during the first three months of the fiscal year 1994. Whereas domestic business remained weak, the company achieved high growth rates on the international market. This was due primarily to orders for large-scale projects and the first-time consolidation of Osram Sylvania, Inc., Danvers (U.S.A.). Overall, new orders rose by 15%, sales by 2%. Interim net income amounted to DM415 million.

Orders

During the reporting period, Siemens booked new orders totaling DM21.4 (1993: DM18.6) billion. Demand continued to decline in the domestic market, where orders decreased by 6% to DM8.2 (1993: DM8.7) billion. International orders of DM13.2 (1993: DM9.9) billion exceeded last year's weak first quarter by 33%. International orders now account for 62% (1993: 53%) of the company's total. Orders for large-scale projects, particularly from Southeast Asia, and the first-time consolidation of Osram Sylvania were major factors for this development. Excluding these effects, new international orders increased by 8%, bolstered by improving economic conditions in North and South America as well as ongoing strong economic growth in Southeast Asia. With the exception of the United Kingdom, new orders from European Union member countries remained weak.

Sales

Worldwide sales grew slightly by 2% to DM17.3 (1993: DM16.9) billion. International sales, with a 15% increase to DM10.1 (1993; DM8.8) billion, proved more robust than domestic business, for which sales decreased by 11% to DM7.2 (1993: DM8.1) billion. Without the Osram Sylvania consolidation, there would have been an overall drop in global sales of 1%. Siemens' operating units also reported mixed results. Weak domestic demand contributed to a decrease in business at the Automation, Public Communication Networks, and Power Transmission and Distribution Groups, as well as at Siemens Nixdorf Informationssysteme AG (SNI). For Industrial and Building Systems, Private Communication Systems and Medical Engineering, in contrast, stronger international business compensated for the domestic downturn; sales, however, have not yet been affected by this development. Driving business volume growth, both in terms of new orders and sales, were the Power Generation (KWU) and Semiconductor Groups.

Employees

As of December 31, 1993, Siemens employed 400,000 people worldwide, or 9,000 more than at the end of the previous quarter. The increase outside Germany of 12,000 to 165,000 was due to the firsttime consolidation of Osram Sylvania. Downsizing of the domestic work force by 3,000 to 235,000 affected virtually all operating groups.

Capital spending and net income

Capital spending in the first quarter rose to DM1.0 (1993: DM0.9) billion as a result of increased acquisitions. These included, above all, raising the company's stake in Krupp Verkehrstechnik GmbH, Kiel, from 25% to 100%. Net income increased by 2% to DM415 (1993: DM406) million. Financial income continued to be good in the first quarter of the current fiscal year due to favorable capital market conditions.

Orders	18.6	21.4	+ 15%
German business	8.7	8.2	- 6%
International business	9.9	13.2	+ 33%
	- HERMANNE		THE PROPERTY OF

1/10/92

DM billion

1/10/93

31/12/93

DM billion	to 31/12/92	to 31/12/93	Change
Sales	16.9	17.3	+ 2%
German business	8.1	7.2	- 11%
International business	8.8	10.1	+ 15%

'000s	30/9/93	31/12/93	Change
Employees	391	400	+2%
German operations	238	235	- 1%
International operations	153	165	+ 8%
			EURIN ANDRE

	1/10/92 to 31/12/92	1/10/93 to 31/12/93	Change
Capital expenditure and investments DM billion	0.9	1.0	+ 15%
Net income after taxes DM million	406	415	+2%
	Company and Account to the	Mark Town	DATE OF THE PARTY

Siemens AG, Berlin and Munich

Cost-saving option could cause big power cut

Up to a third of England and Wales could be affected in a single power cut under an option being considered by the electricity industry to relax transmission security standards and save customers £30m a year.

While the National Grid, transmission system operator, stresses in a confidential document that the probability of such a failure is extremely low, there is growing concern in the sector about the effects of taking up the idea. Under existing security standards a power cut involving anything more than an area of a city is consid-

fear the public reaction to a power cut plementation over several years. covering large areas of the country would be extremely unfavourable. even if the occurence was rare.

The National Grid drew up the option after Offer, the industry regulator, asked for a review of transmission security standards 15 months ago. It appears in the Grid's interim report, which has been distributed within the industry and to major customers but not the general public. The final document is to due to be sent to Offer in March.

National Grid says it neither supports nor opposes the option, and says that one possibility is a gradual "partial approach" im-

It notes in the report, however, that several regional power distributors and users say they do not wish to see a reduction in the reliability of supplies from the Grid without significant reductions in cost. Although \$30m appears a large saving, distributing it throughout the England customer base would result in a saving of less than £1 a customer a year. Some regional distributors

doubt that the savings would reach £30m. This is because National Power

and PowerGen, the generators, would

lose out financially if the option was introduced. The regional distributors

fear the generators could make

good their losses by raising prices. Offer ordered the Grid report because it was concerned that the transmission system is protected against the consequences of faults regardless of whether or how often they occur. The high standards often mean that an area is supplied from two routes even when one would be enough provided it works normally.

The Grid's report concludes that it would be possible to reformulate secu-rity standards using cost benefit tech-niques and probability. This could enable capital investment to be cut by 10 per cent. In addition, operation security could be relaxed by operating many parts of the system to single

circuit rather than double circuit in fair weather conditions, which are experienced 80 per cent of the time. Although this could result in savings of £30m in 1994-95, the report says "there is a risk of widespread loss of supply [up to a third of the total sysm] for certain double circuit faults.

"However, the probability of such trips in fair weather is very low." The existing Grid system is 99.999 per cent reliable. The "cost benefits" option would double Grid unreliabil ity but the report cautions this would have a less dramatic effect on custom ers since blackouts are more frequently caused by problems other than the Grid system.

Britain in brief



Fear over redundancy falls sharply

becoming unemployed fell sharply in January, the latest mouthly survey from MORI. commissioned by the Financial Times and Industrial Relations Services, shows today. The proportion of workers

who said they were "very" or "fairly" concerned about the prospect of losing their job during the next 12 months fell 7 percentage points to 44 per cent from 51 per cent in December. This represents the largest monthly fall in employee concern over job security since the FT/MORI survey first began last April. It suggests there is growing optimism among those in work about the labour market outlook 11 months after Britain's official, seasonally adjusted registered unemploy-

ent total began to decline Mrs Lilian Bennett, chief executive of employment agency Manpower UK, said sterday: "Our own findings ruggest a marked improvement in employee self-confidence about the future."

Food retailers

face challenge

Discounters made up the fast-est-growing sector of the retail food trade last year with a 22 per cent rise in floorspace, Verdict, the retail research group, says today in its annual report on food discounting.

two published today which predict that UK retailers face the twin threats of a discount revolution and an investion by US

possible prices - generated sales of £4.8bn in 1993, giving them 9.8 per cent of the grocery market - up from 8.8 per

food discounters will have turnover of £8.4bn, and a 14.2 per cent share.

Corporate Intelligence, the retail research group, says the UK and continental Europe face an invasion of a "new wave" of US retailers, many of them price-led operators. These include Kmart, which has already opened in the Czech Republic, and Wal-Mart, the

world's largest retailer. Corporate Intelligence says interested or believed to be coming to Europe soon are fashion retailers Liz Claiborne, Ann Talyor, Leslie Fay and The Limited, DIY chain Home Depot and general discounter Wal-Mart. The report says many are likely to use the UK as a launchpad to expand into the rest of Europe.

Farmers' income rises by 60%

British farmers saw their income rise by about £1.1bn last year, an increase of 60 per cent on 1992, according to goverpment figures due to be published by the government today.

The rise in farm receipts was almost wholly due to the effects of the devaluation of sterling in September 1992 which increased the value of European Union agricultural payments for UK farmers. Overall output from the industry slipped by 2 per cent during the year.

Farmers producing milk, arable crops, beef and sheep all benefited from the devaluation of the pound. Cereal growers gained from higher subsidies paid as part of the EU's farm reform programme.

Budgets 'blow to growth'

The two Budgets of 1993 will reduce UK economic growth by between 0.5 per cent and 1 per cent a year for the next three years, says a report by account tants and management consultants Coopers & Lybrand.

The report says that the combined effect of the two Budgets will be a fiscal squeeze of about L6 per cent of gross domestic product in 1994-95, rising to about 3 per cent in 1996-97. This is a greater impact than Sir Geoffrey Howe's 1981 Budget and represents "the most severe fiscal squeeze in the UK since 1945"

Ministers plan tactical retreats

Senior officials in Westminster and Whitehall said yesterday that the government was preparing a number of tactical retreats rather than risk defeat by its own party.
Plans by Mr John Patten,

education secretary, to end the student union closed shop and give the government a greater say in deciding how unions spend their funds, were described by one government

whip as a "dead duck". He predicted that the education bill would be altered to win over Tory opponents in the Lords and the Commons. Mr Robert Jackson, a former

education minister, said: "John Patten has to recognise that there is strong opposition to his plans from Conservatives who stand by the traditional Conservative view which rejects the analysis that stunt unions are the same as trade unions. The minister's impulse to take power, in effect overturning the status of universities, is quite unaccept-

Mr Patten's retreat comes as Mr Michael Howard, the home secretary, prepares to back

BRITAIN IN THE GULF EXHIBITION WORLD TRADE CENTRE - DUBAN-IAE APRIL 26-29

The Arab-Brillah Chamber of Commence will actively promote British business to 50,000 expected Anab wintons to this exhibition. Easty into the official Anab-Brilish Chamber of Commerce Trade Directory for British compusies, which will be distributed at the urbibilities, in only 1200 4VAT.

For eatty form stickpaper Henry Bone

down over his plans to overhaul the structure of the police

in the hope of defusing opposi-Whitehall officials believe that Mr Howard is ready to drop the proposal that the home secretary appoint the chairman of each police authority. He yesterday made an impassioned plea to trou-bled Tories to "keep cool heads, calm nerves and a sense of perspective - and then we can see things going our way".

But a further government retreat may be necessary as it emerged that many Conservative MPs are opposed to gov-ernment plans to replace the dual structure of English local government by a single tier of all-purpose councils.

Sir Norman Fowler, Conservative party chairman, denied that the party was failing to deliver strong government. "In terms of performance

What I also think you have got is a strong prime minister, and a prime minister who is leading, and will lead us through. The party stands behind the government and it stands behind John Major, and what you will see over the coming months is the recovery of the

political fortunes of the gov-Lord Archer, deputy party chairman, called on Tories at all levels to "stop squabbling

economy and the recovery of

the political position and the

Eurofighter maiden flight set for April

By David White, Defence Correspondent

Industrial partners in the £32bn Eurofighter project are confident that the fournation aircraft will make its maiden flight by the end of April - more than two years later than originally

The Munich-based Eurofighter consortium said no date had been fixed for the flight, which was postponed last autumn because of difficulties with the aircraft's computerised flight-control system. But the aircraft was in its "last test

The first prototype of the twin-engine Eurofighter 2000, being developed jointly by Britain, Germany, Italy and Spain, is due to undertake taxiing trials at Manching in Germany within the next few weeks.

An initial flight is expected to be carried out privately at Manching in March or April before the Eurofighter appears

Mr Jonathan Aitken, defence procurement minister, told the Commons last week the fighter might be on display at the Farnborough air show in Sep-Although the industry con-

sortium has played down the importance of the first flight in the overall development programme, senior managers are extremely anxious to avoid further delay, fearing it could undermine political support for the Eurofighter and jeopardise production pros-

British Aerospace, the prin-cipal UK partner, has meanwhile agreed to take joint responsibility for the flightcontrol system with Deutsche Aerospace, which has up to now headed this part of the

project.
The new arrangement is aimed at making the two companies directly answerable to the partner governments, and putting pressure on them and their sub-contractors - notably GEC-Marconi, which is supplying the crucial software - to meet their contract The partners decided to hold

a further series of tests on the system after crashes of both the Swedish Gripen and the US F-23, which also depend on sophisticated flight-control technology. The Eurofighter consortium is still locked in negotia-

tions with government repre sentatives over a revised contract price for the roughly £10bn development pro-This follows changes to the programme agreed in late 1992 and designed to

reduce the eventual production The companies are seeking price increases to reflect the longer development period now planned. On the other hand, the governments hold the consortium responsible for delays caused by technical

The UK Ministry of Defence would have to seek Treasury in Britain's share of the



Eurofighter project partners are confident that the aircraft will cent the year before. The turn this artist's impression into reality before the end of April report forecasts that by 1997,

Verdict's report was one of

Verdict says discounters low-cost, iow-margin operators which aim to offer the lowest

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The Development and internationalisation of the Portuguese Capital Markets reviewing Transmy's Borrowing Requirements, Caravela Bond Market, Establishing a Derivatives Market, use of Derivatives Instruments when Managing Fluorial Performance, Fund Management and Equity Markets. Venne: Ritz Hotel Lisbon. Contact Bonnie Briston Tel: 44 71 779 8833 Page 44 71 779 8835

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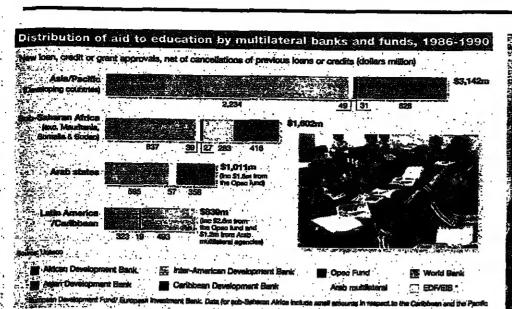
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THE WORLD'S YOUNG PEOPLE

Monday January 31 1994



Global pressures are getting worse

Emma Tucker examines the prospects for young people in a world where inequality of opportunity is all too common

It is one of the greatest achievements of medical science that of the millions of babies born this year, more than ever before will live to the age of five. Beyond that, the advances of modern society become harder to detect.

hecome harder to detect.

Whether coping with childhood in a Bombay slum or a
Chicago ghetto, the world's
youth faces growing pressures.
Unstable communities, inadequate education opportunities,
a lack of adult role models and
slim prospects for employment
are hallmarks not just of the
developing world, but of the
industrialised world too. The
wordes are likely to get worse.
According to United Nations
reports, more than 6bn people

reports, more than 6bn people will inhabit the earth by the year 2000. About half of them will be under the age of 20. The implications are staggering. The aspirations of young people, from rich and poor

countries alike, will put untold

strain on global resources. Yet the world's policy makers and business leaders have not addressed the problem of how they will cope with, let alone fulfil, these hopes.

Already the pressures show. In low-income countries, too many children still lack basic education and health care. The United Nations Children's Fund (Unicef) has calculated that while more than 90 per cent of the developing world's children start school, half, in many countries, drop out in the first few years. As a result there are now an estimated 100m children aged 6-11 not in school. Two-thirds are girls.

Mexico's economic reforms

are applauded, but 1m new jobs will have to be created every year to match the rate at which young people are entering the work force, according to the University of California Centre for US Mexican Studies. Child labour, and the serious

exploitation of working children, remain widespread as families struggle for survival under the pressures of grinding poverty and growing consumerism. Rural to urban migration adds to the social problems, placing families under enormous stress as they put up with overcrowding, unemployment and poor living conditions.

And growing poverty in urban areas has contributed to a dramatic increase in the number of street children – as many as 100m, according to some estimates.

The difficulties facing youth

are not confined to the poorest countries. Even societies with the highest levels of income are failing to provide for the needs of all their young people.

Low academic achievement, school drop-outs, alcohol and drug abuse, teenage pregnancy, vandalism and violence are on the increase in the

in all add and an an an area of the US - with 20 per cent of its children living

industrialised country.

In the UK, according to a study from Fordham University's Institute for Innovation in Social Policy, children are worse off today than they were

below the national poverty line - has more than double the

child poverty rate of any other

in 1970.

Rising divorce rates and the increase in single parent families, together with the failure of governments to alleviate poverty through social services, have also resulted in children increasingly being deprived of parental time and attention.

The consequences of growing stresses in family life are beginning to show up in some disturbing statistics. Many nations face a steady rise in teenage violence and suicide, drug abuse and – harder to quantify – disaffection, demor-

alisation and disillusionment.

"We have tended to avoid this issue of values, feeling that it is a sensitive area, best left to parents and schools," says Mr James Himes, director of the International Child Development Centre, for Unicel "But schools do not do a good job of teaching values, and families, particularly low income families, have such trouble holding together just to survive that they do not have

time to worry about the ethical dimensions of child raising." The economic and business implications of neglecting these problems speak for themselves.

Few governments have addressed the problem of how their economies can create enough new jobs to absorb the rapid growth in the number of young job seekers. Furthermore, there is an enormous price – social and economic – associated with the increasing number of people born in poverty – and likely to remain in poverty with little education and few job related skills.

For business, this promises

For business, this promises to be a long term problem. Employers rely on youth to provide a good, dependable workforce. They also represent companies' future consumers. "It is enlightened self-inter-

"It is enlightened self-interest for us to invest in young people," says Mr Joe Stewart, the senior vice president of Kellogg. "We are investing in them as future human beings, but also as future strong consumers. How better to operate than with a strong market around you?"

The long-term benefits of

investment in youth for governments and the private sector are clear. For example, the East Asian countries that have enjoyed such breathtaking growth over the last decade invested heavily in human as well as physical capital.

A report from the World Bank shows that in eight east Asian "superstar" countries, a bigger share of education spending was allocated to basic primary and secondary education – vital for a skilled work-

force – than to universities.

For example, in the mid1980s, Indonesia, South Korea
and Thailand spent more than
80 per cent of their respective
education budgets on basic
education.

Compare this against the primary and secondary education spending figures in Argentina and Venezuela, with respective allocations of less than 50 per cent.

Continued on page III

Can you provide the energy the world needs today and preserve the earth for the generations to come?

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That's where we come in.

This will be one of the biggest forces shaping hving stan-dards of future generations. Although growth will take place almost entirely in developing countries, few countries will be able to insulate themselves from the effects.

However, population growth was a taboo topic at the Rio Earth Summit in 1992. although it is the source of increasing pressure on natural resources and the environment in many regions. Governments felt that the sensitivity of the issue was so great - provoking debates about differing cultural and religious values that it would frustrate attempts to reach agreement

Even at the time of the summit the omission appeared a serious weakness, as Prince Charles pointed out. In retro-spect, that is clearly true. Although countries put their names to Rio's two treaties on cilmate change and bio-diver-sity (the variety of the world's

Bronwen Maddox looks at world population projections

Reality remains taboo

wildlife), many have found difficulty in drawing up realistic plans for curbing environmen-

The omission has also

allowed the notion of "sustainable development" to remain confused. That principle, which governments attending Rio pledged to observe, does not define whether resources are to be preserved at a certain level for each person or simply for each country. Countries with rapidly growing popula tions will find it almost impossible to preserve resources -however defined - on a per

But although the projected increase in the world's popula-tion is formidably large, it is much less than many people feared two decades ago. Prominent among 1970s doomsters, the Club of Rome

(an international group of industrialists, scientists, econo-

that food, energy and raw then, food production has increased while population has slowed. The drop in the birth rate in many countries now looks like one of the development successes of the past two

Many Asian and Latin American countries have had particular success in bringing down the rate of population growth

decades. Many Asian and Latin American countries have had particular success in bringing down the rate of population

India, for example, now has a fertility rate - the average number of children per woman implied by the current birth rate - of about four. That figthird over the past two decades - although still higher than the figure of just over two chilmaintain a static population. However, across much of

sub-Saharan Africa, fertility more than six children per woman. Demographers study ing why some countries have point out that there is no straightforward Iormula to apply. Longstanding assump tions that as a country devel-ops, its birth rate falls, fail to explain some of the patterns

Sri Lanka, Thailand, Bulgaria and Kerala in India have all shown sharp falls in family size despite relatively low prosperity, while the Gulf states of more than three children per woman during a period of fast

demographers are having to put together a more complex picture, in which access to contraception, the level of female education and the availability of jobs for women all play a

There has also been interna tional concern about the measures sometimes employed to restrain birth rates, particularly in China, which has fiercely applied limits on fam-ily size. The scale of China's problem is undeniable: China now has nearly a quarter of the world's population on about 7 per cent of the world's

According to government fig-ures this year, the fertility rate has fallen to about 1.9 from 2.25 children per woman in 1990. That is nearly as low as western European and US rates, and less than half that of

including limiting urban fami-lies to one child - have pro-voked criticism that the Chinese government is infringing

human rights. Despite those qualifications, the falls in many countries expectations. But demographers and environmentalists warn against complacency, even if the doom-mongers have not been proved right. They point out that even at current rates, population growth will still put severe pressures on natural resources and on the

aiready been born. More than 2m immigrants are believed to have entered both Europe and North America over the past two years alone. So far, Poland, Hungary and Czechoslovakia have taken the brunt of Russians, gypsies and Romanians from the east, but political chaos in Russia could intensify They also argue that the age ing of the populations in indus-trialised countries and the westward migration steady fall in the average age of the population in developing Governments and internacountries will bring further pressures. Children under 15 years old currently outnumbe the elderly by one third in Europe and North America.

But pensioners will soon out-number children in Europe

and North Americs for the first

time, the United Nations Popu-

lation Fund (UNFPA) has said.

rapher at Oxford University,

says that environmental degra-

Mr David Coleman, a demog-

tional agencies for aid, develcoment and the environment may still be coy about address ing issues of curbing popula tion growth. But they will increasingly find the subject unavoidable. Worries about consumption of resources and degradation of the environment are well-established. But migration may be the factor which finally makes countries worldwide – industrialised as

and the search for jobs will

cause industrialised countries

to be confronted with an

unprecedented influx of immi-

grants from poorer countries.

Mrs Natis Sadik, director of

UNFPA, has also warned of

these pressures - even taking account only those who have

Education shows only patchy improvement, writes John Authers



'Knowledge gap' is still widening

The world's young people, in the 1990s, live in the shadow of a "knowledge gap". While it continues to widen,

the chances of the young gen-eration in the developing world being able to help their nations achieve lasting economic progress remain slight.

The second report on world education, published at the end of last year by Unesco (the United Nations Educational. Scientific and Cultural Organidence of the gulf in educational provision between richer and poorer nations. While many nations are now

making real progress, goaded by the improvements made by the back of strong national training systems, other areas particularly sub-Saharan Africa - are being left further behind.

The nine most populous developing nations – China, India, Indonesia, Nigeria, Brazil. Pakistan, Bangladesh, Mexico and Egypt - last December demonstrated that

they thought increased educational provision was the key to economic progress, and stem-ming population growth, by pledging to provide their chil-dren with universal education "by the year 2000 or at the earliest possible moment".

research reveals another "gap". In the developing world, girls are still thought unlikely to contribute econom ically, and receive for less education than boys. In many cases their families do not think it is worth it, thwarting any attempt by the state to improve girls' chances in life. Unesco's figures on the long a child can expect to stay in formal education – in different countries make depressing reading. Africa south of the Sahara and southern Asia suf-

fer the greatest problem In the Saharan nation of Niger, girls can expect to stay 1.4 years in school, while boys do scarcely better with 2.8. In Guinea, girls can only expect 1.5 years in school, while in populous Bangladesh, boys receive 5.8 years at school, compared with 4.2 for girls.
In both Niger and Guinea,

textbooks are available for less than 30 per cent of pri-mary school children, and the school year is short. Comparative figures show

that Canadian girls can expect 16.5 years of formal education (a year more than their brothers). Both boys and girls devote more than 15 years to formal study in the US.

Estimated school life expectancies, 1990 Highest

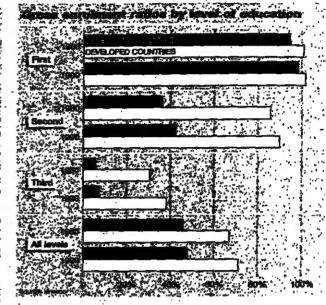
However, some parts of the developing world now provide as much education as mamber for Beonomic Co-operation and

For example, South Korea ducates its children for an than Australia, level with Japan and Sweden, and only slightly behind the UK. Several Latin American nations now have an educational life expectancy of more than a

Unsurprisingly, low educa-tional provision has led to lliteracy in later life, and according to Unesco, most adults in southern Asia and sub-Saharan Africa are illitererate adults is still increasing in sub-Saharan Africa, the Arab states, and in southern

However, the overall "literacy gap" appears to be declining, as better-educated children in other parts of the developing world reach adulthood, and there is some confi-dence that much of the current disparity - particularly in sub-Saharan Africa - can be explained by the wide range of

iocal languages.
In Ethiopia, for example, the education ministry has introduced the use of four nationality languages - Oromigna, Tigrigna, Sidamigna and Wolaitigna - in primary schools, rather than the official language of Amharic.



The reform should improve the standards of general edu-cation, because children will he instructed in the language they use at home, but it may be that overall literacy statistics will prove harder to com-

literacy and other skills may revent emerging generations from providing the "engine room" of increased economic output which develop tries need from them, dispuriin the short term be even more

education system critically damages competitiveness, as it omes impossible for a nation's industrial and research and development nunities to keep abreest Most Latin American and Asian countries now have uni-versity enrolment levels which

conform broadly with whiver-

sity entries in the OECD nations - Unesco reports show that sub-Saharan Africa is now alone in suffering from a "higher education gup" by comparison with the rest of the world.

Foreign exchange proproportion of students than they did 10 years ago, and most aid for developing coun-tries now comes through direct aid from banks and funds. Nearly half of this goes to the Pacific Rim countries, whose education systems have already been extensively

As this aid is in the form of loans which will have to be repaid by the countries which receive it, and much money has been spent on physical infrastructure and buildings, which create their own recurrent costs, it seems, still, that nobody has a clear grasp of how the "gap" in higher edu-

Money spent on children's health is not going where it is most needed

The picture still looks grim

health care a year, the rate at which health has improved since 1950 is unmatched in history. So says the World Bank's recent report, Investing in Health, published last summer. But the Bank also points out that the impressive sums are deceptive. For the money is "either spent on the wrong things, or wasted." There

should be more "barefoot medicine" and a wider campaign against poverty: for example, better education for girls and young women, which would result in better child health and smaller families. Nevertheless, the report is at

pains to say that big spending on health - and it argues that more is needed - does not sim-ply result in more babies and all the dire consequences of over-population.
It results in lower child mor-tality rates and fertility rates

(after a lag of a couple of decades), as population growth rates in Asia, Latin America and Africa have shown. Furthermore, it saves money. The potential savings add up to bil-lions of dollars, because prema-ture death or disability lost the world (on the Bank's estimates) 1.4bn years of healthy (in many cases, productive) life in 1990 alone. But the money is still no

going where it is most needed. According to Unicers annual report on the state of the world's children – a sometimes harrowing document - 8m children still die every year from five preventable diseases: measles, whooping cough, diarrhoea, tetanus and pneumonia. Even more grim: im children have been killed, 4m seriously injured, and 5m have become refugees or orphaned as a result of wars in the past

Romania or even in Turkey, on group a child is born into, gen-

the borders of the European Union, is five times more likely to die in the first year of life than a child born in Switzer-land, Iceland, Sweden, France or the Netherlands. In Turkey there are more than 56 deaths during the first year of life per 1000 live births, compared with six in Sweden. Moriality rates in the third world are consider-

children per 1,000 live births die before the age of five -ireland comes near the top of

eral standards of living, housing and diet. Access to vaccination is also crucial: there have been big leaps forward in the global

immunisation programme. The proportion of children immu-nised against tuberculosis, measles, diphtheria, pertussis, tetanus and polio rose from 5 per cent in 1977 to 20-30 per cent in 1983. By 1990, immunisation programmes against of polio, diphtheria and messies had reached 80 per cent of all children, with 35 per cent of pregnant women receiving tet-



America the average equiva-lent figure is 54, in East Asia 57, in South Asia 131 and in sub Saharan Africa 183. Insome African countries almost one third of all children die

before they are five. Looking at maternal mortality, the European average is 13 deaths in childbirth per 100,000 births. In South America the comparable figure is 210, in South Asia it is 490, and in sub Saharan Africa almost 600 mothers die in childbirth per 100,000 live births.

But even wholescale redistribution of all the money spent on health could never achieve an equal chance of survival. Mortality rates arise from several different factors, such as A child born in 1991 in what social and economic amus ahots. The lowest rate of

vaccine coverage was in sub-Saharan Africa. Lunking behind the call to redirect (and slightly increase) the \$2000bn spent world-wide are wide dispartties in health care resources, and the resulting mortality and illness rates. The Bank says that if more money was spent on preventing or curing the most common killers, such as measles, whooping cough, complications of pregnancy and water-born

millions of lives could be saved relatively cheaply. In the developing world, where the amount spent per head on health care is a only a fraction of that spent in the developed world, a little more

diseases, in parts of the world,

gross domestic product on health care, compared with 6.1 per cent in the UK, and 8 per cent in Germany. France and

: improvements in the developing world's health and child mortality rates will to a large extent depend on the commit-ments undertaken by countries of the developed world, and improving the health of the world's children will take a

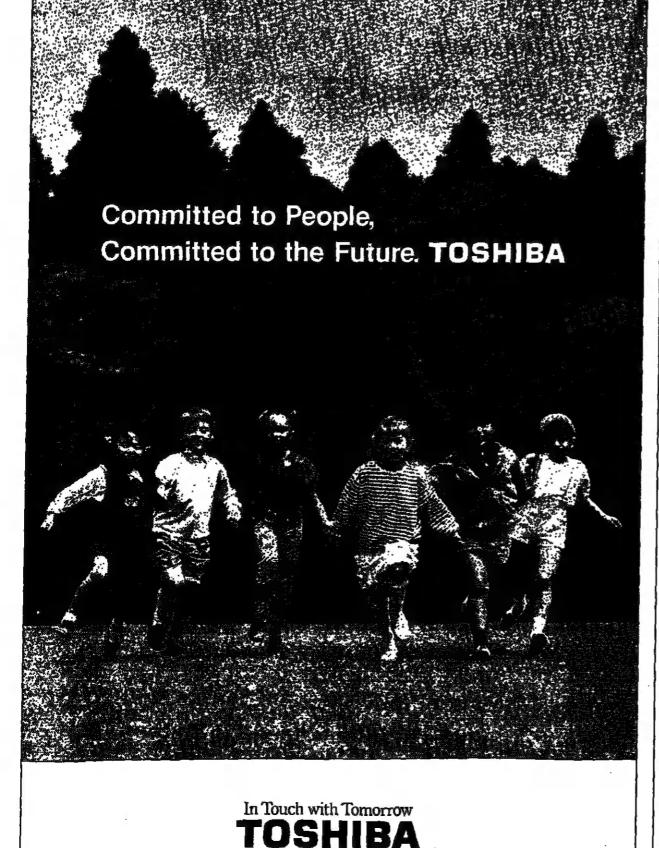
greater international effort. At the World Summit for Children, held in New York in 1990, 71 heads of states signed a plan of action, seeking "measurable, attainable goals" for countries to incorporate into national planning: eradication of polio by the year 2000; 90 per cent immunisation by the same date; a halving of child deaths caused by diarrhoea; and virtual elimination of vitamin A deficiency.

While developing countries Tunisia and Zimbabwe among them - have shown themselve capable of reforming their health sectors, only 2.5 per cent of all health spending (about \$4.8bn) in developing countries comes from donors. Meanwhile, the share of total development aid for health fell during the 1980s from 7 per cent to 6 per cent.

In the UK much remains to be done. The Child Poverty Action Group, the Health Visitors' Association and the Save the Children fund argued in their submission to the health white paper in 1992. "There are clear links between poverty, environment and children's health. What hope is there for the future health of the nation if the government fails to act to improve the health of the

Rachel Johnson





Mere survival is not enough

Battle Creek, Michigan, is a small town in the heartland of the US. It would go largely ignored by the world but for the

fact that it crops up on the back of Kellogg's breakfast cereal packets. The dozy town, sometimes smelling of toosting corn, is dominated by the Kellogg company and its sister philanthropic foundation which, according to the fortunes of its investments, vies with the Ford Foundation to be the

world's biggest such charitable body. Four years ago, a \$65m donation over three years from the WK Kellogg Foundation (WKKF) - one of the biggest grants ever made by a philanthropic foundation - gave life to the International Youth Foundation, now also hased in Battle Creek.

The inspiration came from Rick Little, secretary general of the foundation, who persuaded the WKKF to award a grant, allowing him time to research and develop a new strategy for helping the world's vouth

impressed by the fact that as much as 80 per cent of private sector giving is devoted to the creation of new programmes and pilot projects, the consensus which emerged from the two year consultation period (involving experts from 30 countries) was that more support should be given to projects which have already proved their effectiveness.

Thus a distinguishing feature of the IVF is that it steers clear of setting up new charitable programmes, concentrating instead on identifying and supporting exceptional local programmes that it believes are already making a difference, and helping them to expand.

Its philosophy, that people at grass roots level are best able to understand the problems facing young people in different countries, together with a cre-ative approach to fund-raising and the backing of the WKKF, has proved immensely appealing to other corporate donors. Equally compelling has been the IYF's message that world prosperity depends on the well-being of its youth, a message that appeals to the business interests of many corporations.

The small staff of the IYF constantly points out that although great progress has been made in keeping more children alive, an ever greater proportion are growing up with little education, job training, productive employment -

or hope. "The basic issues of starvation. health, nutrition and survival have made significant progress," says Rick Little. "But we also need to concentrate on the issues that matter after you survive - education, training and parenting, for example. Unless we do that well then survival doesn't really mat-

To try to ensure sustainable pro-



sem in an International Youth Foundation programme in Ecuador

grammes, the IYF encourages the creation of indigenous, grant-making country foundations which are independent of government and less influenced by donor pressures.

These foundations - there are currently seven, with another two in the planning phase - are financially endowed, with the help of the IYF, to make grants for youth programmes and to provide a channel for direct local action. The idea is that they eventually become self-supporting through local

and international philanthropy. Such a system is more likely to ensure sustainable funding for the projects. Furthermore, it avoids leaving small, economically dependent communities at the whim of donors, who may abandon projects after a few years if their priorities change.

Another IYF concern is that many donors prefer to give money for projects which address problems by categories such as literacy, drug abuse or teenage gnancy. "This approach may overlook the fact that many problems are interrelated and require comprehensive approaches," says the IYF.

The selection of countries for partnerships aims for a regional balance; 80 per cent of the foundation's activities directed to developing countries and 20 per cent to industrialised nations. Once a country has been identified, the forally taking about 3 years. In Poland, for example, there was no

history of independent charitable foundations nor of corporate involvement. Yet in May 1992, the Polish Children and Youth Foundation was legally established and is today the only grantmaking foundation in Poland focused solely on the needs of children and

In other countries, the IYF has had to be more cautious. For example, it decided to delay establishing a foundation in Laos, where there was no legal, indigenous non-governmental organisation (NGO) structure. Beyond the partnerships (through which most IYF funds are channeled), IYF supports programmes in other countries – part of its YouthNet programme.

Any programmes that the IYF does choose to support - whether through a local foundation, or YouthNet - are put through a rigorous screening process. Nominations are solicited from NGOs, the church, business leaders, universities and international foundations among other sources.

The IYF then "interviews" a programme to establish what its objectives are, how youth participates, and what its expected social and economic outcomes are. The programme's budget is also closely scrutinised, and tested for economic viability. The foundation further checks that a programme is independent of partisan politics.

The IYF takes a creative approach to fund raising, and is particularly keen on leveraged donations. For example \$6.5m of the initial \$15.3m grant that the Kellogg Foundation gave to IYF was conditional on IYF raising \$13m from other sources - a \$1 to \$2 match.

IYF in turn asks its sister foundations to match donations, but varies the matches according to the circumstances of a particular country. For example, in Ecuador, the IYF gives \$3 for every \$1 that the local foundation can raise, recognising the difficulties faced by local staff in attracting corporate donations.

Of course there will always be sceptics who doubt the impact of an organi sation like the IYF. In view of the scale of the problems facing the world's youth, a degree of cynicism is hardly surprising. But after only four years in existence the IYF is already having an impact, not only by helping successful programmes to expand, but by lifting problems facing the world's youth on to the agendas of governments and business all over the world.

Emma Tucker

International Youth Foundation, Battle mal establishment and staffing of Creek, Michigan, US. (0101 616 969 0033)

The Prince's Youth Business Trust

Commitment to support youthful ideas and energy

Since its hirth eight years ago, the Prince's Youth Business Trust has helped abnost 20,000 young people in the UK. (In a survey on youth it is worth pointing out that its president is not Prince, the American pop star, but HRH The Prince

To do what? Mainly, to set up businesses. Some 15,000 have so far been set up or expanded with the help of the Trust (PYBT). Help comes in the shape of soft loans, grants, expansion loans, training, and marketing and business advice from a nationwide network of 4,567 advisers, all aimed at young people (18-29) with a good idea but no means to finance it.

But this help is only forth-coming if the idea is viable, if the applicant has the necessary initiative and commitment, and if the money is unavailable from other sources. The Trust makes plain its commitment to help those in this age group who were born without some of the advantages that a middleclass, public school educated, budding entrepreneur perhaps might take for granted. It sees its core market as the unemployed from inner cities and areas of "rural deprivation", the minorities, the disabled

and young ex-offenders. It calls this its "mission," which gives some indication of the zeal to improve that pervades the Trust's St Jame Square headquarters in London (where it lives rent-free, courtesy of Sir Allen Shenpard, chairman of both the Trust and the Grand Metropolitan food group).

Take, for example, Anastasis unemployed and broke.

A £5,000 loan and a £1,500 grant from PYBT later, he set up a business making Mediterranean snacks such as houmous and taramasalata that "taste just like the way my Mum made it for us at home. He expects turnover to reach 224,000 after his first year of trading

Michael Evans and Peter

spotted an opportunity but lacked the means to develop the idea. When the government made it compulsory for all motor cyclists to have some training before setting out on the road, they knew that training courses for motor cylists had to be a business winner. They started with a £5,000 PYBT loan and now operate

from seven centres. But the going is not all easy. The PYBT's funds are limited, and its dependence on the private sector to match public contributions pound for pound means that it is especially vulnerable at times of econ difficulty. After all, charitable donations are hard to justify when shareholders are baying for a distribution of profits.

estimates that it gives away 25m a year in free advice to the supported businesses. Fur-

thermore the Department of

Employment regards the Trust

as wholly cost-effective in that

it costs less to help a business

through the Trust than it does

to pay unemployment benefit. John Pervin, the Trust's chief executive, explains that

things have been hard finan-

cially since the Prince

launched a £40m appeal on his

40th birthday in 1988. Though

The Trust describes itself as

The PYBT has helped near 20,000 young people in the UK the largest business consultancy in the world which pays its consultants nothing - and

Soless. Before he made contact. with the Trust he had been made redundant; he was

Gotch were among those who the government, with all-party the money raised from the private sector, the appeal has to some extent fallen prey to recessionary pressures in the UK. Donations fell to £3.2m in the year to June 1993 - they came to more than £4m the previous year. This means that the Trust's

future is under serious threat. Its success rate is by any standards "amazingly constant" with over two-thirds of its businesses still trading after two to three years, but "We've only got enough money in the kitty for another couple of years," says Mr Pervin.

Though £40m has been promised by government, only £23m is due to come in because the government will not match contributions if the private sector fails to make them. Since covenanting money and paying it to the Trust, a dismaying number of supportive companies have gone into liquidation.

As a result, income from the 1988 appeal, as a proportion of total resources, is diminishing fast, while the numbers needing help are rising all the time. Nearly half the number of unemployed people in Britain are under the age of 30 a figure which has risen by 150 per cent in two years.

"We are reorganising so that we can expand our fundraising," said Mr Pervin, who denies being overly disappointed that the Trust's financial livelihood is threatened by the downturn.
The fact that the Prince of

Wales is involved is bound to be a help through the difficulties that lie ahead.

He has described the PYBT as "a remarkable achievement" for a "risk business. He is sure to urge companies to look generously on the Trust despite financial stringency, on the grounds that some of the young people the PYBT heips are, after all, bound to rise the top in industry commerce themselves.

Rachel Johnson

Emma Tucker reviews business involvement with youth projects

Consumers of the future

. There is nothing saintly about businesses who give generously to community-based charitable projects. Philanthropy barely comes into it.

Companies are well aware that they function hest when they exist within a healthy community of customers, clients, and employees. But consumer prosperity depends on fac-

tors such as education, employment and job skills, especially for young people who are the consumers of the coming decades. This is where many businesses see their role. As Sir Allen Sheppard, chairman of Grand Metropolitan, the food and drinks giant, puts it: being involved in the community "isn't to do with do-gooding. Nor is motivated by concern or shame that GrandMet is such a prosperous company. This is a natural involvement for any com-

pany to have". GrandMet's case is clear: "The long term continued success of our business depends on the existence of prosperous consumers to buy those products," it says in a statement on corporate community activities.

Arguments in favour of involvement in youth strategies are probably stronger now than ever before. Some 3bn people in the world live in countries that are going through radical restructuring - whether in China, India, eastern Europe or Latin America

"In the long-term, business has got to appeal to the young people growing up in these and other countries in terms of them as future consumers, clients and employees," says Mr Robert Davies, chief executive of the Prince of Wales Business Leaders' Forum, in London.

Furthermore, the idea that government alone should worry about society's needs has gradually been croded, paving the way for partnerships between government, businesses, local communities and nonprofit making organisations. "More companies are responding with more resources and creativity than ever before," says Richard Schubert, president of the Points of Light Foundation, a non-profit organisa-tion aimed at alleviating the most serious social problems in the US.

Foundation - which promotes effective youth programmes across the world that have already proven their ability to make an impact - reflects the huge interest that business has in promoting the well-being of young people. In the four years since it was established, its fundraising commit-

ments have risen from \$5.5m to \$23.54m. Yes International, a London based foundation responding to requests from countries overseas for assistance in developing youth enterprise strategies, has - in the nine months since it was established developed model pilots and support infrastructures in Africa, Asia, and the Carribean, reflecting the fact that business-interest in youth projects as well as willingness to get involved goes beyond the industrialised world.

Expecting corporations to get involved beyond mere philanthropy is a tall order

In India, for example, a youth business trust was recently launched, modelled on the Prince's Youth Trust in the UK. Yes reports that the success of the local trust results mainly from the generosity of local Indian industry and secretarial back-up from the Confederation of Indian Industry. For many businesses - at least in the

richer nations - significant interest in community involvement began in the early 1980s, when it became clear, as companies tackled the problem of over-manning, that unemployment was set to rise.

"We knew that with a lot of redundancies, we were going to make the situation much worse," says Sir Allen. "The natural answer was to say that "they" - the government - would do something about it, but that was a ridiculous idea."

"Our involvement in the community is genuinely business driven, even if measuring the returns is not that easy," he adds. Like many other big companies, most of GrandMet's activities are focused on sup-porting young people in the world of work. These include an initiative to educate

The growth of the International Youth school dropouts, a programme to help young homeless people obtain jobs and projects offering work experience in offices for children in local schools.

But business involvement with the community is not just about promoting the prosperity of future customers and employees. Companies in the US, and increasingly in Europe, find consumers becoming more discerning about which products they buy - what may tip the balance is the knowledge that a company is actively involved with the community.

"We know from 1992 Mori research that nearly three-quarters of consumers - 73 per cent - say they are more likely to buy from companies active in the community. One testament to this is the fact that Burger King restaurants which are active in their local area show an increase in their sales," says GrandMet.

Involvement in the community is also believed to motivate employees, and is something - at least when the economy is not in recession - that the best prospective recruits will look at in deciding where

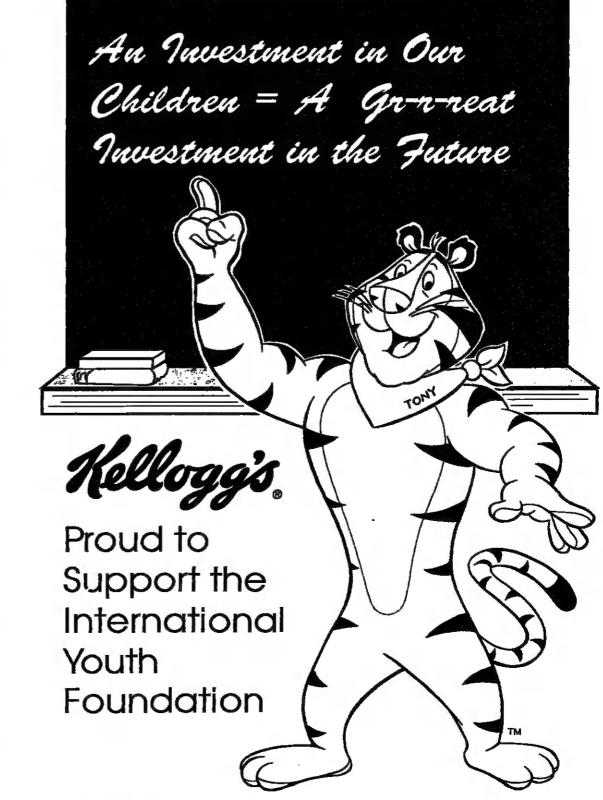
The idea of partnership between businesses, communities and charitable organisations is thus an attractive one for the 1990s, appealing both to the long-term business strategies of companies and to changes in the political climate.

But this approach is only any good in places where companies perceive that they have a business interest. Realistically, esses are unlikely to give generously to the countries that most need the assis-

Mr Davies points out that his organisation - the business leaders' forum - has to "work with the grain", which means it is unable to get business involved in Ethiopia or Sierra Leone, for example.

The really poor countries do not have the business potential of a Poland or a China. Expecting corporations to get involved beyond mere philanthropy is a

"And that," says the otherwise optimistic Sir Allen, "is a genuine world prob-



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The pressures get worse

Continued from page I

Education - especially for women - is associated with lower fortility. In turn, children from smaller families tend to have more years of schooling and perform better at school than those from larger families.

The impact that educating women can make shows in Kerala, the southern Indian state. Its female literacy rate of 66 per cent is almost double that of its nearest rival, while its fertility rate has fallen to the astonishingly low level of

2.3 children per woman lower than in China, Thailand, the former Soviet Union, and Ireland. One significant factor in explaining Kerala's success, says the United Nations Population Fund report, is the priority given by the state government to spending on education

and health. But in a world of diminishing financial resources, where the prevailing economic philosophy in many countries is for governments to scale down state involvement in society, how are the aspirations of youth to be met?

There is no substitute for caring parents, but supportive adults, good schooling, proper health care and effective charitable programmes can start to make a difference. Throughout the world there exist thousands of programmes which are improving the environ-ments in which young people live - and raising our con-

sciousness of their needs. Yet philanthropy alone can-not solve all the problems. Even if young people are provided with a good education, there is no guarantee that there will be jobs waiting for come after them.

them. Likewise, forging ties between young people and their communities will not ensure that, as adults, they will not be forced to migrate from their homes in search of a better life. The growth in the world's

population calls for decisive action by partnerships formed between government, business. non-governmental and nonprofit making organisations, aimed at channelling resources towards people growing up in the 1990s. Only then will all those who make it through their first crucial years as babies hope to flourish in youth, leaving in their place a better legacy for those who

Patchwork solutions

"Mama, I'm hungry, buy me something to eat." The boy's voice is soft, but his eyes are desperate. The

rags he wears flap about his thin legs. I give him a sweet bun and a coupon which will entitle him to a hot meal and a bath in one of the shelters run by Undugu Society, a non-gov-ernment organisation devoted to the care of destitute chil-

There are more than 130,000 street children like him in Nairobi, an inescapable reminder of Kenya's decline into poverty and social strife. The children or "parking boys" as they are known in Kenya - survive by begging, prostitution, or theft. They cheat their hunger by sniffing glue. They are regarded as pests by the police and as an eye-sore by the local

tourist authorities. Every few months, police make half-hearted efforts to sweep them off the streets. As the government cannot afford to keep them in juvenile detention centres for long, the children soon return to their old

Over the past 21 years. Undugu (the name means "brotherhood" in Swahili) Society's work has evolved from rescuing children from the streets to addressing the prob-lems that drove them there in the first place,

The core of Undugu's work revolves round providing under-privileged children with basic education and survival skills. It has also become increasingly involved in trying to relieve poverty in Nairobi's

Through small loans for small business ventures, skills training and community-based health and nutrition projects, Undugu hopes it might be able to alleviate the economic hardship that causes family breakups and abandoned children. Providing low-cost shelter for the urban poor has been

Despite Undugu's efforts, the plight of Nairobi's street children gets worse every year. ing unemployment and struc-tural adjustment policies have hit urban dwellers particularly

Nairobi's overcrowded slums lack basic sanitation and are often plagued by water shortages. The removal of food sub-sidies has priced most staples, including maize, beyond the reach of most urban house-holds. Children are withdrawn from schools because parents cannot afford school fees. Malnutrition is on the rise.

"At best we can only prosays Friar Arnold Groi, the Dutch missionary who founded Undugu Society in 1973. "We cannot solve national problems and we should not be a substitute for the lack of government policies to fight poverty and injustice." Friar Grol does not believe in

handouts or food aid, but he is now feeding the 1,000 children who attend Undugu's schools. "Children were dropping out because they had nothing to eat," he explains. For the first three years, children are taught basic literacy and numeracy skills. The fourth and fifth years are dedicated to learning a trade. "We teach them to become self-reliant,"

says GroL Undugu is also sponsoring 400 children in state schools and seven at university. The white-haired friar is a familiar figure round the wood and metal workshops and the garage, which train future carpenters and mechanics as well as providing Undagu with an income to finance other pro-

There is a tangible pride in what they do, as well as some grumbling about low wages. "When I look at the kids who are still on the streets, with no future, I know I am lucky to be here," says Francis, an 18-yearold carpenter. Undugu's latest project -

children with meals, counsel-ling and a bath - was devel-oped in partnership with the

ing them alms. The coupon entitles children to food and a thorough scrub. "It was our way of mobilising all of Nairobi in the care of our vulnerable kids," says Aloys Opiyo, one of Undugu's supervisors. "All of society centres which provide street

private sector. Nairobi resi-

dents are being encouraged to

buy coupons at Barclays Bank which they can then give to street children, instead of giv-

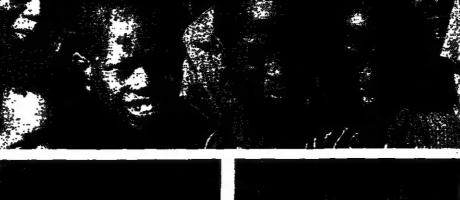
should be involved in looking

after them, not just the non-

government organisations."

t was during the height of recession and the depths of dictatorship that the Vicaria Zona Norte, an outreach office of the Chilean Catholic Church, began working with children in the slums of Sant-

ation and Urban Centres" programme in 1982. At that time Chile's economy was in shreds, savaged by the Latin American debt crisis which had produced the worst assault on living standards since the 1930s. It













Young people in developing and developed countries – Kenya (above), Poland (right), the Philippines (left), the UK (below) – benefit from programmes supported wholly or partly by the IYF — Sain Lin





3m unemployed are aged 24 and under. In the smaller

Unemployment in Poland has hit young people hard

Baby boom blues

Poland's voung people make up one quarter of its population. Free market reforms after 1989, and the opening of the country to the outside world, created unparalleled career

opportunities. Suddenly, even first and second year students with a knowledge of foreign languages found themselves courted by foreign companies desperate for local employees without the ingrained work habits of the socialist past. The wholesale trade opened up more more jobs to the young -many of them starting as traders - while in the media they took over key reporting posts as discredited and tired journalists faded into

the background. But, at the same time, the collapse of CMEA (the Soviet-dominated common market) and stringent policies backed up by the International Mone-tary Fund, together with demaging competition from imports of western goods, brought in their wake a 15 per unemployment rate which hit the mass of young people even harder than other age groups. More than one third of the

towns and rural areas, where unemployment rates soar over the 30 per cent mark, four fifths of school leavers register for unemployment benefit.

Maria Holzer, the head of the Polish Children and Youth Foundation (PCYF) established tional Youth Foundation pert-ner, knows the threats this

seeing a rise of juvenile delinfew years ago," she says.

increase as Poland becomes an important route for drug At the same time the health of young people - never good in Poland - is not improving.

Ms Holszer concludes that

many kids are belpless in the

ism and drug use is on the

'It is a pity that the talk of Poland's economic success gives the impression that there are no longer any needs -

many kide are helpiess in the face of new competitive challenges

face of the competitive challenges of the new times.

The foundation is seeking to address these problems. The cheerful and optimistic Ms Holzer - she is ideally suited to her tesk - has few illusions that even the predicted 4 per cent GDP annual growth in coming years will alleviate the worries without extra effort.
"Indeed, it's a pity that the talk of Poland's economic success. gives the impression that there are no longer any needs. They exist, she says, explaining that the late 1970s baby boom, which lasted into the early 1980s and will start bitting the

brings. She has few means to bring about solutions. "We are tives which, broadly speaking,

their initiative and indepenquency and the development of dence, teach tolerance towards organised crime unthinkable a others and improve their state

of school parliaments.

Since 1990, before the PCYF was established, the "islands" programme has helped school children in Chorzow, in the heart of the desolate industrial region of Silesia, to learn about democracy through a network

The programme is backed by another, teaching children to care for their friends from broken homes. In Starachowice, an experimental programme running since 1987, supported by the PCYF, helps primary school teachers to deal with children with psychological dren themselves to care for their health. Ms Holzer says it could soon -be introduced throughout the school system.
Last year the PCYF backed
197 different projects, covering
a few dozen children or teachers to several thousand, spending 7.1bn zlotys (\$380,000). The approach is to stay clear of government - indeed, support for non-governmental organisa-

tions is seen as a priority.
This has given the PCYF a
measure of stability as governments have changed. There may be controversy as PCYF programmes challenge old ways in a society which can be authoritarian and conservative in its attitudes and remains under the influence of the Catholic Church.

Ms Holzer denies that this has happened so far. "The labour market in 1995, will range of our activity is so lim-ited that we have yet to be noticed," she admits. bring more of the same. The PCYF approach is to help fund grass roots initia-

Christopher Bobinski

Recreation is central to Vicaria's work in Chile

'High risk' concern was also a period of social The church - often the focal learned new dances.

wave of street protests against the military government of

General Augusto Pinochet. Against such a backdrop the Vicaria's aims seemed modest. It began to work with children rom the poorest parts of Santiago, encouraging them to meet, play sports and discuss their problems. Most of the (often violent) where there was little motivation or time for leisure. Many of their families had been "relocated" to squalid housing estates in the no-

man's land around Santiago. The Vicaria's main concern was "high-risk" children living in these so-called poblaciones, bereft of public services or recreational facilities. "The kids just used to go out on to the streets, like vagabonds," says Ana Leighton, who came to the Vicaria as a child and who is now chief programme director. "It was a period of crisis in terms of participation. Nobody took part in anything in those political organisations. But then people began to wake up, distilusioned with having been usleep for so long."

The church - often the fecal learned new dances. Once a point of opposition to the military regime - "opened up" to this new-found need for solidarity in a society which hadbecome deeply divided along political and social lines.

When the kids first arrived,

the games they played were violent. They had a lot of aggression. We encouraged them to play games where they would be in a teem and learn Ms Leighton. Recreation was ating in very different circumcentral to the Vicaria's phl-

losophy

children to identity, health, develop a sense education, a family of self-worth. "It's more than

just tossing kids a hall and saying: 'Get on with it'. For us.

development." It was through sports and activities that the Vicaria tried to impart what it saw as values under threat; love, understand-ing, respect for others, sharing and solidarity. Children, organised into neighbourhood groups under the supervision of trained counsellors, played team sports, went on country walks, put on plays and

year there was a week-long summer camp. From the out-set the child was the focal point," says Ms Leighton. "The idea was to defind the rights of children - their right to an identity, to health, education, a family and a place to live. This became our slogio."

The programme has worked with more than 4,000 children, and it has trained 700 volunit finde

which returned The idea was to defend encouraging children's rights to an in 1990, is now experiencing rapid economic growth and is

> "miracle" of Latin America. While this has helped to drag many people out of poverty, the country's success has brought its own problems. The Vicaria now finds it harder to raise cash internationally, as charities switch funds to more needy causes. Many centres have become adept at raising.

> their own financing.
>
> Ms Leighton is also concerned that the growing conspicuous consumption of Chile's middle classes is creating

new resentment among the country's poor, especially its youth. UN criteria show nearly one in three Chileans below the poverty line.

"Lots of the kids don't have much sense of the future. They speak of today, but not of tomorrow," says Ms Leighton. She says that higher education is beyond the reach of most poor children - save for the few who win scholarships. can only watch with envy as their wealthler contemporaries advance ever closer to a west-

Among the difficulties faced highlights the rising rate of teenage pregnancies - particu-larly problematic in ultra-conservative Chile, where the use of contraceptives is controver-sial and abortion and divorce are illegal.

She is also worried by the spread of football hooliganism, and evidence that violent crime is rising. Towards the end of 1993, the press devoted much attention to the case of a 15-year-old accused of killing an eight year-old boy for his ice-cream money. Like the James Bulger case in the UK, the incident as evidence that, despite the economic "miracle", all is far from perfect with Chile's children.

David Pilling

A poor child in Chicago, in the US, may never meet a successful adult

Families torn by want

Sixty one children under the age of 15 died violently in Chi-cago last year, part of an epidemic which plagues all of America's cities.

For young survivors in Chirely yours in con-cage's poorest neighbourhoods, where childhood is punctuated by the sound of sirens and gun-shots and families are torn by want, the world is limited and dangerous. Education, the vehicle most often used to escape poverty, is inaccessible in the city. Affluent and middle-income

families long ago left the pub-lic school system, enrolling their children in a parallel system of private academies. What remains, and what serves thousands of poor chil-dren, has been judged the worst public school system in

One of every two students entering a Chicago public high school this year will not graduate. For boys, the drop-out rate is even higher. 70 per cent of Hispanic males who start high school do not finish, and African American boys in the city also have a dismal graduation rate. Distracted by violence and street life, many children lose interest in school by the third or fourth grade.

Chicago, the third-largest city in the US, is also the most segregated. Gaps in economic well-being among racial groups are perpetuated by gaps in educational opportunities. A poor child in the city may never meet a successful adult, has few constructive role models,

and may have little incentive to finish school.

For Walgreens Corporation, the largest drugstore chain in the US, based in Chicago, the city's educational failures provided the spark for an awardwinning private initiative aimed at raising achievement levels of inner city children. Tom Mammoser, director of corporate communications for Walgreens, says the company has a natural and longstanding

Walgreens. with \$8.3bn in sales last year, operates in many inner city markets and has 100 stores in Chi-"We cago.

interest in youth.

became concerned that there be enough qualified employees for us out there," he said. "We saw all of these kids in our own city who weren't making it, and we decided to do something about it."

That "something" became an eight-year partnership with the Midtown Educational Foundation (MEF), a not-for-profit agency with a 30-year history of helping mostly minority children in Chicago's west side neighbourhoods. Middown was already operat-

ing several after-school andsummer programmes aimed at raising the educational success rates for high-school-aged boys. With a four-year start-up grant of \$190,000 from Walgreens, the MEP initiated a personal tutordren, at the ages of nine, 10, and 11. Since its inception in 1989, the One-on-One programme, as it is called, has expanded to help nearly 200 children each year stay on track at school.

The key to the programme's success has been a host of volunteer tutors, mostly young professionals drawn from Chi-cago's business and academic communities, who serve as role models and confidents as well as homework

We saw all of these kids coaches. While there are a host in our own city who of tutoring proweren't making it, and ... grammes in Chicago, the we decided to do Midtown effort something about it' is distinctive

forces what Midtown executive director Jim Palos calls "the whole child." "We're not just trying to improve grades, we blend edu-cation, sports, culture to form

a complete character, a person of substance," Mr Palos says. "We place a huge emphasis on becoming a successful person." Typically, a child meets with his mentor once a week after

school at a Midtown facility for an hour of personalised study, a 15 minute group discussion of values, and 45 minutes of sports: Tutors are encouraged to meet a child's family, and to understand the circumstances. of the child's life.

Affiliated with the Catholic service organisation Opus Del, Midtown runs separate One-on"We are very focused, and we aim for the average child. Our goal is to prepare them for col-

To qualify for One on One, a child must demonstrate that he or she has a supportive parent, who must come in for an entrance interview at Midtown. consultant who evaluated the One-on-One programme for Walgreens, praises Midtown for its preparation of tutors, the support it provides to both children and volunteers, and 95 per cent of the children in

Midtown programmes, includ-ing One-on-One, graduate from high school, and 60 per cent of those attend college. The One-on-One programme at Midtown Center exudes vitality," Ms Costello said in her report, 'It gives one a hopeful sense of what can be done when a capable organisation helps one adult and one child become friends and grow stronger together."

The One on One model has been applied in other US cities, including Boston, the South Bronx district of New York, Dallas, and Washington DC. Meanwhile, Walgreens has increased its support of the programme, recently donating an additional \$450,000 to fund One on One through 1996.

Laurie Morse





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TIPS FROM THE TOP

MBWA – manage by wandering around

Lew Platt, chief executive of Hewlett-Packard, offers advice on keeping close to your employees

have just completed my first year as chief executive of Hewlett-Packard, a year of industry and continuous pressure on our employees to make difficult changes. Sounds familiar? Because most of our 96,000

om blue

employees around the world are straggling with turnaltuous change, I made a decision at the outset to focus my inaugural communication efforts on ovees. Although this left little time for press interviews or communicating with other important constituents, the first 12 mouths presented an opportunity to gain employee support that wouldn't be repeated.

I've been a believer in open, two-way employee communicati year reinforced that belief.

Employee communication seems to be a fad that comes and goes in many companies. At HP, though, it is a sustained effort; in fact, it is ingrained in our company culture.

There are some simple practices that have worked well I HP for more than 50 years. They are so simple that they're often rejected or overlooked. They were put in place by our company founders - Rill Hewlett and Dave Packard when they started the business and I'm fortunate to have

inherited this legacy from them. The first rule is to trust and respect all employees. We approach each situation with the understanding that people want to do m good job and will do so given proper tools and support. This is one of the values that underlie our corporate objectives. It's evident in our lack of time clocks. Employees are trusted to keep track of their own hours. It is also evident in our placing decision-making at the lowest level, where invariably the best decisions are made.

Second, create an f open communication and let it permeate the Marie At HP. we have an informal atmosphere where everyone is on first-name

hese days only the deeply are scared doing

being hoodwinked us outwitted in what, since Phoenician days,

one if the Mediterranean's

Now that Lebanon last all all

into page after lin bloody civil war,

min picking up. The UK week renewed export insurance muse to Lebanon for lim films

since 1977. At the same time Leba-

non's Prime Minister Rafik Hariri

was in London selling the country's

\$10bn reconstruction plans.

French | Italian governments | positive view M Lebanese prospects.

prettiest place to 👪 business -

hough the

buildings am morbidly

fascinating. Neither in it is most

efficient. The telephone system can

sometimes you yearning nos-talgically for the Phoenicians'

pigeon post, and trips

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taken in the company of a fat novel

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ought not | tempt providence.

Roaming around the Hizbollah

enclave M Beirut's southern sub-

stars-and-stripes sweatshirt would

no cause be too ner-

not be a paid like

no shooting

in I is all enough.

y want

sharpest trading cities.

business in Beirut. Unless, in sursay you large the



Decisions are taken at the · lowest possible level, where invariably the bestones are made

terms, regardless of rank or job. The season of th It is amazing in the principles will well in bulle mechanisms to to talk us man and, including: of China on D. On UK and the US. All Truty site, I've and a no doors; regular point of having a beneathaller communication ____ in ___ ession - employees. The managers update _____on invaluable la reinforcing key objectives and learning hat people's The date of the business: communication lunches employees can dam him an This in not just the job of the identify problems in a two-way

that expect exchange with pots located around L de colte management lesse live by these values and not just people can talk about Head Every HP Mr informal mercerilla ca. Ma clasi escretara MOVA to an annual de for communication on his or ber managing by wandering performance authorities. Our - which in Man employee are a consider all with people.

Third, "let Let "open door" policy. II HP, my let literally men illis senty 13 le 15 months. mum of the best measures of lime ard the performing open M an employee with n in regard.

problem, a complaint None of practices is new. suggestion. The practice There II as magic extended successfully a But they we time-tested, and they have been able to attract why electronic mail system 💵 I 🧰 denote of letters with most from employees, and managers throughout the company. This practice has worked an all and talent, run in 🕍 🗰 difficult times

This concludes the present series. The FT will shortly be publishing Tips from Top as single Fox John White on 071-873-3072 for further information

Kume, chairman of Nissan, acquired a small, ready-L built house, proportions, in the music of Tokyo.

A photograph of Kume's dream

home, sitting on an undistinguished plot of land, shocked the Japanese public when it appeared in a norm-

Expensive as Japanese prices might be, it residence, in distinctly might been expected in built 🚾 🔤 chairman 🔳 Japan's secondlargest auto maker.

Executives of Japan's large and famous companies may enjoy pres-tige and a high profile on the inter-national stage, but wealth is usu-ally not one of the benefits that comes with their office.

Like Kume, many Japanese execbe considered humble by western standards. And unless they are self-made millionaires, or have inherited wealth, their personal for-tune is likely to be so insignificant that it would make American and European Animaliyat block of the

According to by Seikei Kenkyu-jo, a private research organisation, the annual including bonuses the presidents of a companies listed in the first section if the Tokyo Stock Exchange was Y37.25m

Although this is about 10.5 times the average pay of first-year salary. yu-jo, it is a paltry sum compared with the millions of dollars paid in remuneration to the executives of America's top corporations.

The exception to that general rule is the executive who is the company founder or belongs to the founding family, owns a large number of shares in the company or enjoys an unchallenged position at the top for

Tunkini Tsutsumi, who whereand the Seibu Railway empire from his biller and was attended by the land of the sentile at the \$10bn in 1992, and Akio Morita, of Sony fame, who into one of the biggest names in number electronics, and less examples.

Salaryman "salaryman managers", all am employed by public companies, wealth is le stuff in desert

One reason for the low of executives' remuneration is that mallie seriem companies, Japause a solid tv-based employment system do not make as much of a military between ordinary employees and I'm ruh sacion iche.

"In Janan, " iob is seen as an extension of the work of employees, so is is is



Wealth eludes

the salaryman

Western managers are under attack for being greedy. It's a different story in Japan, says Michiyo Nakamoto

employees' pay," explains Chta, Kenkyu-jo. Mar de Japanese companies Eller CALL to successful on the black of performance, such as in the form preferred shares - options which are commonly that is the . Stock options I made many businessman ill the wall quite wealthy. It is Japan, companies armed buy their own

shares, un amit system man. Even if it did, the Japanese view Unit a company's performance is prohibit rewarding executives almost Ar good firmann results.

'Japanese companies til a long-term view of business performany which is maddle the outcome of measures with the many years rather has be small of one man's hall work,"

At the same time, the Japanese company is expected to set a good example for employees. Extravagance in any form is likely and would trigger at the signs at a downturn unhappiness man employees. while many sympathise wat Kume, his self-restraint, according to one industry official, "is 🔳 🔤 🚐 Japanese salary-

Tam role to the company to the tive, as a mirror for the employin particular during the country's present momic downturn. When los li is common practice in Japan for companies to the executive in pur first.

while Japanese salarymen the prospect the year of a frame on pay, many Japanese mealless have already many cuts in their bonuses, while basic par also down for lime in companies.

In at Toyota, for unit ple, have in their remuneration cut by 30 per cent since the summer of 1 while those at Nippon Steel have her living with an average II per limit less of their pay October of that year. To add to their Japanese minimu still expected to count-

less weddings, here and in the

social events, and make cash gifts befitting their social status. However, some remucompensations. The Japaround-the-clock use of the car and his own chauffeur, as well as membership athe man exclusive golf clubs, an entertainment that is almost unlimited other perks. Dome companies luxurious housing arrangements for their president.

As a such benefits, it is difficult to strictly compare the remuneration Japanese and consultant at Wyatt-Seikei, H. consulting firm. Im Japanese companies, it is hard to draw a clear line hetween perks that and in limited the executive which are provided in la himes of busi-

such only as long He retired Japaclub he has come to know so well

BUSINESS TRAVEL

Not yet a pretty sight, but safe

Beirut is again a place to do business. Mark Nicholson offers some tips

when leaving III city.

any formal programme I've ever heard of,

I much at my first year

and executive travelling up

it's much costly.

Getting around Beirut I fairly straightforward. cabs are easy to find in the centre and short hops cost only a dollar or just here everything in Beirut paid in in dollars; taxis. restaurants and many shops will quote you dollar prices first).

Most drivers speak and know their around. But the directions clear, to write them down. For a series of shelling since 1990, and there is no morning meetings, be be hired from the can be exorbitant, directly related to your ability to bargain a pricing principle that applies to urbs, im instance, would most transactions. A common charge is about in the a morning. picion, while jogging lin streets in . Grabbing a on III always cheapest, but if going far from the centre, ask the

vous men in fatigues with guns, everywhere, along with driver 🐸 wait. Getting M Beirut M 1201 becoming odd armoured car = tank. Lebanese - aircraft arrivals - 26 and Syrian army checkpoints in the third quarter is last common, though usually offer and are rising. The airport is simple we effective, and little in Beirut 🖿 🔤 🔤 being photo-

graphed. And you are a will enjoy a sight of Wall East passport, particularly a night or Airlines' fleet, which still includes a doughty 707s. In airports in the developing world. La degree of delay, intrusiveness, bloody-mindedness bureaucracy at the airport is often a good

> scale. there, despite In obliteration de Beirut's must upmarket during the TI, accommoda-tion is always lavish. The seafront Summerland and Coral land are reckthe city's plush,

indicator things u come.

scores suitably high an the

and real from \$130 might. In and around Iller of June in Beirut, III I slightly cheaper Cavalier Mayflower Hatte will good research and excel-dial, international phone lines, at a minute in the UK.

Telephone calls *** Beirut's chief The Trotary exchanges hopelessly and will stay so until would contracted unit tions are backlish over the most



Beirut business: there are plans to develop a banking and financial centre, but it won't be complete for a few years

vear or so. Reaching an outside line from a Life occasion, Mile about III an hour. Dialling some "difficult numbers" in arms of the city it will only an exercise in finger Many Edrutis, therefore, have portable ones that use US networks, which means dialling through New York M speak to someone across town. Such | III must be among Um crackly dollar/minute in world.

To cheer yourself up all frustrating phone call, you and visit one of Beirut's Lebanfood is, as IIII locals will keep reminding you. Ill best I the region. Traditional dishes, such as hummous, babaoanoush tabouleh, are generally freshly pared. Is I Locals consider Nasr, Yildizlar, I Locals Istambouli places to M. There are several good Italian restaurants, including the Spaghetteria, and French (1985) and as and Wieux Quartier, in arguably halfull less and

certainly its pricey.

Lunch is a pre-eminent institution. Forget about bringing prospective partners the partne français and, "tills being mostles in your and religion, and I down with | little | Lebanon's respectable wine.

Otherwise, ile are her rule is engagement in that that apply The city's community if man cosmo-

politan than any other in the Middle III though, as a second in the region, personal and trust are 🖬 a premium. Most Ladres people speak good

English, but the pure of French rule left an enduring legacy, especially Beirut's Christians. As "baksheesh", Lebbusinessmen too sophisticated for such crude which is not the same as "commissions" will be required some point. For your non-working hours,

Marry Id a viciny interiors of more curricular than in almost any other Arab capital. from casual jazz bars, such as the His War in Res Beirut and Mal Soho-style Scoozi's bar-restaurant

in Verdun, to the nightclubs of Jounish, in minutes' drive north. uncensored movies.

The old souk is shelled out 🌌 existence, and is a focus 🍱 Lebanon's ambitious rebuilding plans. But is an plenty of chic ern-style shops, with commensurately high prices.

anese sport, fine that old Lebski in the morning and swim in the afternoon. The determined visitor can do so for part of the year; IIII on ski-threateningly thin in life-threateningly cold water, probably both. who this part their trip might more comfort-

ably by Vancouver. There my, however, both and ski resorts less than an hour's diff from Beirut which are pleasenough to enjoy on their own the suitable time of year. should however, that Lebanon's laisser-faire waste-disposa policies are thought by some have led to nuclear being ejected into the

There are but other bearing confronting business and Beirut. of ity - which Life magazine in limit as "Las Vegas-Riviera-St limit flavoured with spices Maraby" - being real It will be at less however, help government's redevelopment plans the the land a banking and financial centre, and perhaps 20 the the artists' impressions manifold in a shiny new Mediterranean city.

All that, if the depends on a Middle East But Identify businesses at least, are trying not to let the vagaries if that hold them back.

Taiwan relaxes visa rules

tizens from 12 comme -Australia, Austria, Belgium. Britain, Canada, France, Germany, Japan, Luxembourg, the Netherlands, New Zealand and the US – will be allowed to enter Taiwan for 🛮 🔭 🖖 stay without a visa.

Danish link

Europe's longest rail and road bridge completed last week. The link between the Danish islands of Fyn and Sprogo, is part of a planned bridge and tunnel link over Denmark's Belt



Airlines

Air France is spending \$930,000 to spruce up the interiors of

The US Supreme Court week backed US airports in their long running dispute

with wife the core has beusing runways and airport The court mile that airports were free to charge they ledded were

USAir La British Airways are taking practical consolidate their US. The US airline, British Airways' partner in North Arrest plans move its services 🛋 New Kennedy Airport to terminal improve eight daily trans-Aflantic

Airways flights 🖿 Poland are still disrupted by ■ dispute with Polish And landing rights Heathrow. Travellers on BA flights Warsaw me flying

Frankfurt and then travelling onto the Polish

Tana Air Liam and Asiana Airlines, plan 💵 add 12 insernational doubles have to their milimi lifti year, including Washington

is planning to change regulations to permit its state-owned domestic and international airlines to become publicly companies, according III IIIIII newspaper reports.

They said the government issued a special ordinance a 1953 parliamentary nationalised air services in country and did not allow private

California Greece snowbound

While airports and the coast of the US we had be

normal despite continuing

mid weather, lames's transport system was heavily

disrupted over the

by a cold power cuts and flooded Athens

streets as temperatures sank

to their lowest level this year

and snow blanketed and a

In Athens temperatures

went down to minus 3°C (26

authorities and and people in

Say United Free House, and

cars ventured in la file nenally

busy bireds. See french to all

T) over the weekend

d country.

Flights to Los Angeles were by and the strongest aftershocks the city has since the earthquake Im days ago The Saturday morning

Richter 5.0 on fundam iz was ize first night that they led mained back in their damaged

California's reputation Sether How Inc. work after state governor Pete Mining was formed in specialist in 22 Japanese compilied robbed at guopoint m 2 i hijacked by

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Information autofied by Meteo Consult of the Neth

Casinos deal The Donald a fistful of aces

Two years ago it looked as if he was down and out. Now Donald Trump is planning a comeback. Richard Tomkins reports

Donald Trump in in headquarters office on the 26th floor of Trump Tower,
glittering high-rise on War York's
Fifth Avenue. Seated on the far side of one American larger manager desks, agreed to talk about the me and fall, and rise again, of Donald J. Trump. But time is money, and his attention span is notoriously short.

Quickly, then, the story so far. Two years ago it looked as though Mr Trump - or The Donald, as people call him - might no longer have his desk, his office, his tower, or any of the rest of the property and casino empire he built up during the 1980s. Brought to the edge of bankruptcy by a combina-tion of debt and collapsing asset values, he seemed destined to go the same way as the Reichmann brothers, Robert Campeau, and other over-extended victims of the decade of excess.

And yet, he has survived. Helped by the cashflows from his casinos, he has reorganised or paid off a large part of his debts. His private yacht may have gone; so has the Trump Shuttle airline (now part of USAir), and a 49 per cent stake in the Plaza Hotel in New York. But the rest of the empire - the Trump Tower, Trump Parc, Trump Palace and Trump Plaza high-rises in New York, and the Trump Plaza, Trump's Castle and Trump Taj Mahal casinos in Atlantic City - is remarkably intact.

Now, at 47, The Donald is making his comeback. Last month he married Maria Maples, the 30-year-old actress who eight weeks earlier had given birth to their daughter, Tiffany. Admittedly, the bride's \$2m tiara was borrowed from a New York jeweller, but the wedding put the Trump name back in the headlines across the world.

Next, Mr Trump plans to return to the headlines with his business deals.

in a few weeks' time, he hopes to pay off the rest of his personal debt by floatstock market. It says he is looking at new possible was new casinos, or casinos, casinos, city. in York, aims to press ahead with his long-dormant \$3bn project to develop the 75-acre Penn Central railway yards in Manhat-

Mr Trump acknowledges that he was in deep trouble at les turn decade. "But it happened to everybody, virtually. The real estate markets were collapsing throughout the world." His personal low, he says, came at the beginning of 1991, when his financial divorce proceedings and and riage with Ivana Zelnicek.

He also acknowledges that he sacri-

ficed some assets to get himself out of trouble - but only, he says, unimportant ones. "A yacht is an easy thing. I sold the yacht because I never got to use it because I was too busy. I sold some of the toys, but the big toy, the great toy, is Mar-a-Lago [his palatial estate in Palm Beach, Florida]. I never

Times were bard. "I had a couple of bad years," says Mr Trump. And the mauling the media gave him led him to sympathise with others—suffer the same fate. "One of the people that I think has gotten a really had rap—somebody I know just little bit because he was at my home, Mara-Lago - is Prince Charles, from your country. I think he's a wonderful guy. He's taken a lot of heat. I think he could get a little

But on the issue that really matters the state of the Trump Organisation -his recurring theme is that the business

HANKOVER 16.-23.03.1994



is stronger than ever. The Taj Mahal [one of the three Atlantic City casinos] has just set an all-time record - it made a profit of \$135m last year. No casino in history was made that with

money."
While it is true that the casinos are while the structure that the cashes are doing well, it is less easy to determine what The Trump Organisation is worth. In 1992, Business Week, the US business magazine, calculated that Mr Trump's liabilities exceeded his assets by \$1.4bn. Mr Trump disputed the figure at the time, and in any case it is long out of date: attempt to put a value on his business "It's number," he number," he "But I really can't tell you exactly because it's very hard to value what the Taj worth, or will the Trump Plaza's worth, which the land worth."

In we sense, it much matter. investing in The Trump Organisation was always an act of faith, and is likely to stay that way. That is how The Donald says it should be. "If a person owning bonds in the Taj Mahal didn't sell their bonds, those bonds would be colden; that investment would be colden; that investment would be golden: that investment would be gold. If they sold them, I can't help them because they weren't loyal. But the peo-ple who were confident in me all came

The hard times taught him a lot about loyalty, he says. Some people he hadn't much liked turned out to be good friends, and others he trusted let him down. "There are a couple of peo-

ple I trusted who, I'm glad that I rned, weren't particularly loyal. And now they're coming back to me, kissing my ass and wanting to get back on the gravy train, and they haven't got a

But what drives The Donald to do what he does? A lust for power, or wealth, or beautiful women? Is it sheer egomania that makes him want to acquire more and bigger buildings, and put his name on them? Or some

placed desire for immortality?
"I hate to sound like an overly negative person, but people ask we why I go forward, and I say it's because I have nothing else to do. Because it's true. What else am I going to do? Watch television? Read a book? I read books anyway, but I mean, what else am I going to do? We're here, we're put on this earth for an average of 72.3 years, and after we've gone, who the hell knows what happens? And in the meantime, I just like the game."

The Donald is getting fidgety. Clearly, his attention span has reached its limit.

At some unseen sign, people have started wandering in through the open door to his office, ready to start the

"Come in, Henry," says The Donald.
"Sit down Henry, just sit down. I'm just finishing up an interview with the Financial Times. It's going to be a very regative story, based on the questions. But you know what? Who gives a shit. I don't even care. One of the things I've learned is that I just don't care."

Heading up the barber's

creation

They are changing the top-guard at Phillips Petroleum, tim Oklahoma-based oil company which used to be a favourite target of corporate predators in the mid-1980s. Wayne Allen, 57, takes over in May as chairman and chief executive, and Jim 111 47, steps into Allen's place as president and chief operating fficer, writes William Hall.

Arkansas-born Allen will be the ninth chairman of a company set up in 1917 by Frank Phillips, a former barbar, who decided he could make more money from drilling for oil than from Phillips Mountain Sage, his baldness cure. Allen, like current chairman C J Silas. is an engineer who has risen through the production side of a company which produces over half its output of 200,000 nlus barrels a day overseas. However, Allen is

considerably older than Silas was when he took over nine years ago, which means he will probably hand over to Mulva before the end of the

Mulva has been Phillips' chief financial officer since 1990 and has been heavily involved in reducing the

incurred when it was fighting off the unwelcome takeover approaches from T Boone Pickens and Carl Icahn in the mid-1980s. Phillips has cut its debt from over \$90n to \$3.5bn and Mulva says the company is now supporting a similar-sized asset base of \$12bn with around half the

employees. Phillips shares now stand at a substantial premium to net asset value but Wall Street still needs convincing that Phillips can continue to play in the big oil league. Analysts believe that Mulva is as good a choice as any to get this

The unstuffy

privatiser There could be few less probable champions of privatisation than Laios Csepi. The new managing director of the Hungarian state holding company AV RT rose through apparatus, writes Nicholas Denton in Budapest The 43 year-old's

culminated as deputy president of the national price office. The outwardly gray Mr Csepi admits, "I am a bureaucrat." Not, at first sight, credentials when the AV RT controls

designed to inspire confidence stakes in 182 strategic companies, including utilities, pharmaceuticals producers, engineering enterprises and commercial banks, After all, the last thing Hungarian business needs after 40 years

of communism is more bureaucratic management. But Mr Csepi is full of surprises. For a start, he is about as unstuffy, frank and self-deprecating as high officials get. And then there is his passionate commitment to privatisation. "I have seen for 20-30 years that public ownership simply doesn't

His belief has, if anything, firmed during since 1990 when he took over as managing director of the SPA state privatisation agency.

Mr Csepi says of his new charge, the AV RT. Privatisation has not so far been the focus of this organisation. It will be."

AV RT's original philosophy, when founded in 1992, was to restructure state companies first, improve their value and only then, perhaps, divest them. The first two Hungarian-American managing directors of the state holding showed a touching faith in the state's competence.

The trony is that a homegrown apparatchik like about reorganisation and consolidation, the polite words for state ballouts.

He fears companies will deceive the authorities in order to win larger debt

Mr Csepi remembers that in the old days the prices office would ask companies for data needed to set prices in their sector. "They gave us talse information. They made fools of us." Some things

Riverso decides to fly Alitalia

Eyebrows were raised last March when Renato Riverso, the outgoing chairman of IBM Europe, accepted a post on the slimmed-down board of Eni, Italy's state-owned energy and chemicals giant, only to change his mind a couple of days later, writes Haig Simonian in Milan.

Few were convinced by Riverso's explanation work com-mitments prevented him from taking up the job at Eni, desperately trying to shake off the stigma of politicised appointees to its senior ranks. At the time, Riverso's volte-face was attributed to second thoughts about working for a company which has been deeply trinted in Italy's political corruption

However, his acceptance last week of the chairmanship of Alitalia, Italy's troubled state sirline, suggests he may have already sniffed something better was in the wind. Riverso, Principe, due for retirement, will be flanked by Roberto Schisano, Alitalia's new man-

aging director. Both these Italians recruited from the information technology sector have decades of experience with big multina-tionals under their belts. Riv-erso has been with IBM since 1967, while Schisano, 50, is currently chairman of Texas Instruments in Europe, the US components and information technology group he joined in

Their mission is to bring Alitalia back on course after deepening will and heavy losses under Giovanni Bisig-nani, the 47-year-old executive who took on the managing director's job in 1989.

Though obviously talented, Bisignani, the former head of international relations for the IRI holding which Alitalia, had little managerial experience. He has been found a new berth as chairman of Tirrenia, the ferry line which is controlled by IRI's Finmare shipping subsid-lary and links peninsular Italy with its offshore islands.

Friends hope seabound crossings will prove easier going than the obvious turbulence at

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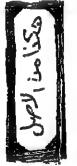
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Smiting the Philistines

London in 1666 there were about 100 churches in the City of London. Man the fire topher Wren built, or super-vised the rebuilding of, some City churches. A number were demolished before the First World Win and their sites sold to provide funds for new churches in the expanding

Curiously, it the Bishops of London was been the enemies the City churches. In 1919 Bishop Winnington-Ingram appointed commission which recommended demolishing some churches; and, public protest, the Church Assembly approved the measure in 1924. ercifully, II was not approved by Parliament, the City M London Corporation presented petition at the Bar House strongly objecting in the destruction of its

As recently = 1972 then London proposed that nine churches in 🕒 City should immediately be declared redundant. The again, I was the City of London that rejected this episcopal

Last Friday another Bishop of London, the Right Reverend David Hope, introduced 🖿 report of a commission he set up in 1992 to settle the fate of remaining City Churches. It is a frightening document, ile more so hammed il S meant 📭 🖬 reassuring and

The bishop has what he calls

mission strategy for London. He this particular commission In consider what current in there ii in the City's churches within strategy and iii look at the "practical and financial implications" for the church.
The commission was very

small. Its chairman was judge and Lord of Appeal, Templeman and the members Lady Wilcox, the development oxford, and The Churchill who has run investment in of the Church M England Board M Finance for many secretary in the board was a chartered accountant and it has reported to the bishop that, after receiving a fair amount of only 12 churches in Lin City should Churches" become "the Reserve Churches" - which really means hovering 🔳 📠 brink redundancy.

Much of The man is a second bly in do with many and administration. In recommenall for tion and und ending of the autonomy III many if In entered the lambour in La City now enjoy.

The suggested four parishes and limin City organise them. But the underlies II. The report is belief that the article tural and cultural phints of nessed to the Church of England and should be to, and by, someone else.

If the lines building miss and the heritage lobby not so strong I in would that this would demolition The report
Churches. The report
All Churches
religious architectural, historical and cultural values CALLINE WELCH TALL STREET lition unthinkable. There however in familia for its Churches as parish churches. It will in possible in a limer Church to in tained wind

The hade in redundancy hangs churches I in Mary Abchurch with 📰 glorious shallow dome; St Stephen in Paul's; Cornhill, all an of wonderful church in the City; and Mary Hill 111 17th-century high pews and animal dome. If were redundancy and int can be family for historic churches, as has happened with varying degrees of suc-

William is saddening when the kind of bureaucrat's report und it - God's temples only as niedreigni obernenie in a management plan. The City's churches offer intangible benefits of sanctuary and peace as

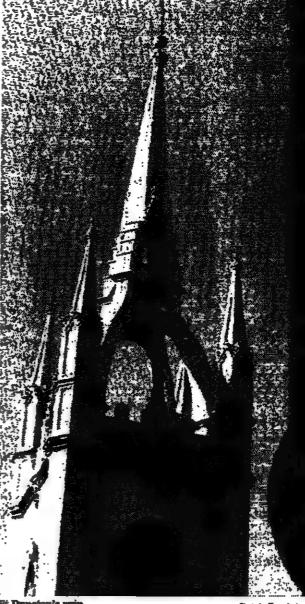
well as tangible of and beauty in a mile is over-developed and often ngly.

The working population of the City numbers about 300,000, about the same as the population of Venice, where ere are around 170 churches. There is a natural realisation in Italy that churches are a part of life and that they have inspirational qualities, even if they are seldom formally used.

There is money for the City churches and the City itself is rich enough to spend £11m last year on the restoration of its own Mansion House. Surely the churches can represent more than the current ineptitude of an established church to organise its affairs. They are a unique collection of buildings, undervalued both culturally and as working churches. For too long they have been seen as a burden and not an opportunity.

All around us, especially among the young, there is a growing interest and concern for the spiritual and aesthetic values these churches represent. It would be sadly typical of the Anglican church to abandon many of its finest churches in the capital just as the signs of a spiritual revival are daily more visible. We need the churches, their beauty and their music and their ceremo-AND LEGAL LAND OVER; WHAT IS moment to propose the virtual the die of so many of the City al London's firm cre-

ri littaa We live in truly philistine



Regionals to the fore Covent Garden/Clement Crisp

Mayerling

night; sleeting rain; light glinting on Inof gravediggers as a coffin is lowered into me ground; a griefstricken coachman, priest and two mourners. this mysterious beginning to Mayerling and the same Milan's potent study frustrated, destroyed and stroying. Returned on Friday repertory, it is its among his full-length tragedy is political as well as MacMillan's choreography despairs, we through them we

of the disintegration of

AI)

family and a dynasty. Friday's performance scheduled to bring m Zoltan Solymosi as Rudolf and Leanne Benjamin 🖿 Mary Vetsera. Solymosi was injured m the rehearsal, Adam Cooper was called in to take over a role he first assumed (in similar circumstances) during the Royal Ballet's European tour summer. This unscheduled London debut thus than usually arduous - albeit Cooper was and to perform with Viviana Durante as Mary, with whom he has danced the role before. It is the last the las interpretation as something like a dress-rehearsal under hair-raising conditions. That Cooper pulled it we at all remarkable. It would be idle to pretend that the first scenes were anything but sketchy, yet

last ballet. exhaustion of spirit, a man driven in the limits of emotional endurance. Pallid distraught, Cooper Rudhaunted figure, hunted in

Viviana Immunité Mary is reading physical daring Durante shapes the choreography with ■ fine, true line, phrasing small with delicacy (the little solo when Larisch has her letter 🚾 Rudolf 🚃 exquisite), and giving the impassioned production broad dynamic It was also par's view of invit Among the I thought some dramatic fences were rushed and technical edges untidy, but Familia McCann was very touching as Indian hapless, prim bride, and Fiona Chad-Larisch in III only woman to

understand The present run if performances will bring recording of the land for land vision, with Irek and Viviana Durante, Tal staging now incorporates slight textual emendations that Sir Kenneth MacMillan was contemplating in the time of his death just over a year ago. The opening court dances are edited; Empress Elizabeth no longer tree a set in line second act. Man important, the song in the Hofburg cut in an earlier revival - is restored. It is a crucial for Rudolf and the very core of this extraordinary ballet.

he rise of regional of the state of the state of the outstanding fea-IIII of III 1980s. At the London cert-halls played IIII III pair of orchestras, each of which a self-proclaimed "second city" in its respective country - the NDR (North German Symphony Orchestra of Hamburg and the City of Birmingham Symphony

Orchestra.

Both for its past and its ent, Hamburg lays claim cultural centre of Germany. The number of publishing and record nies which have their headquarters II testify arts, but in musical life struggles to rival Munich II Berlin (indeed, Berlin Let more dominant). I well be that the NDR Symphony Orchestra was aiming for a higher public profile it appointed John Eliot Gardiner - principal conductor in Mile

With Gardiner's arrival illest came recording contract, which are ranged from Brahms and David to Settles Janáček. Unfortunately, his tenure in Hamburg links set to end this year, all a brief stay which is rumoured in have the difficult. It and not, however, been unproductive. Al its Royal Franki Hall concert on Saturday the played with a combination of clarity and intelli-that Gardiner's stamp on it through

The programme and of two major romantic pieces: Rachmaninov's Symphonic

Lench and Mahler's Familia nearly obssessive in their Symphony. Ilwh are complex orchestral scores, in while drive. It was very different Gardiner out III make with his orchestra, Imi atmonote count. The razor-sharp sphere, more intensity. The programme noted that Rattle's clarity he gets in a ann phony orchestra is remarkable recording was on sale upstairs

to the point where the Mahler - rather tactlessly, I thought. became a bubbling cauldron of Richard Fairman new and unexpected it was What I missed was sensuality in the Rachmaninov, charm in Leader Lloyd, ex Sallw Mahler, though Barbara composer in his mid-40s still et too little known in the wider musical world, has ful-

Bonney was a delightfully bright-eyed soprano with L While II Hamburg orches-

'The Mahler became a bubbling cauldron of unexpected details

tra lai been in militari the night before, the City M Birmingham Symphony Orchestra been in London, making one of its periodic at le Barbican. Again there was a vocal soloist herself, this time the mezzo Ann Murray, who lioz's tragic scena La Mort Cléopaire with a firm purp of potential. A few years ago would have been overparted in runte like this. Now both the voice and like ality have Something similar might be said of In orchestra, which in good form under Mark Elder, im principal guest con-

ductor. Their performance in

Sibelius's First Symphony also

had plenty of character, as

Eller dug man at the rhythms

in that became

trast, but through fresh sometimes slyly hilarious use ni a higaly initimizati avertial language, in which the popular and the recherché are jostled and binnish with genial sleight-of-hand

Lloyd's Waiting for Gozo, for the London Sinfonietta, 📶 his recent for the line cock silent film Blackmail are just two examples in this "personal" quality it its and quirkily original. Tolerance - in LPO's new big-orchestra given on Thursday its premiere at the Royal Patient Hall under Franz Wild -

filled a commission from the

London Philharmonic Orches

tra in way that should aid in

long in limited to make his

music above all for in -

achieved not through farce, hyperbole or heavily jokey con-

Lloyd-followers

righting the balance.

third, on an occlasion scale larger and the previcompositions. The IIIIs is introduce to see

"co-operative chy that rules its scheme, with difficulty property of orches voices constantly snatching the limelight and then ceding it, and with a continual undercurrent of contrasted Consist - Continue writy amiable, sometimes from Prokoflev-like bustle into into in mixture, later to be exchanged for Thinking maldi sumptuousness mi addito militaria di Janačékno fortingment.

The circus imagery that note is particularly M sensed in the percussion punctuation: ringmaster, | It were, of an unfolding enter-tainment made up of many interlocked diversions. What is actually beneath beneath amusing variety a sounds and rhythmic patterns an unexpectedly substantial 20-minute concerto orchestra, one which was department in enjoyably taxing ways.

In the first po at Tolerance Wales Wie and the LPO got round the notes efficiently enough but only intermittently conveyed II wry good humour in their connection, and in Lloyd's 📖 🚅 quotation pastiche. There is room here for greater interpretative freedom, sharper responsivefuture LPO perforwhich I hope Irin will be a good number, must surely help these players.

Max Loppert under-used video play, but

The Place/David Murray

Star-struck Stockhausen

usic Moving Theatre a small troupe, formed last with blessing in the composer Karl-Heinz Stockhausen. Their prime is dancing Stuart; their aim to devise performances newly adapted, in which the will and Their first exhibit Stockhausen's Tierkreis. had its London premiere The last on Thursday. The is a Zodiac cycle of

twelve "melodies", in for each star-sign - originally composed for music-boxes. deployed in his stage-piece will remember that from Im Roundhouse, in its palmy days long ago.)
"melodies" altogether
unexpected from Stockhausen: plain but elegantly built, immediately appealing, haunting, and near-tonal m boot. Face in the start forces, and MMT has filled.

Their version, which through Im In Inches from Aquarius II started, III for dancing clarinet, dancing soprano (Fran-

seated pianist (Paolo Alvares). In Michael II choreography and designs it breath the air of a pre-Raphaelite idyll, with an occasional whiff numerous touches of whimsy. The music holds I all together, and played and with pretty aplomb - www from the floor, supine or prone, or almost upside-down.

tently, but no intermitown conceptions for was artists back in the 1970s (stylised mime in Harlequin and the like). MMT looks entirely faithful to ital spirit.

Some viewer-hearers will find that the ititivations make charming foil for music, which = a own might too small special for pure concert-performance. Othperhaps, will pelt the performers with boiled until they have to He the

I plead critical but the star-sign "melodies" 🜆 a curious magic about them, and minutes Stockhausen's cycle comes nowhere near outstaying its

Union Chapel/Antony Thorncroft

A bad dream of the Sixties

is, apparently, a cult musical in Australia. That does and necessarily it but somehow explains its superfluousness. It like everyone's bad dream 🜃

For this being pres in church, grand and Union Chapel in Islington. The is supposed in make it daring and experimental but only ensures an awful acoustic, space, space, a slight feeling uneese.

it still in in the myth the mas and roll the religion, and a guitar hero the natural Messiah. Finally it takes in the initial debunk everything, to, well, in church.

Daniel Abineri, with credit for book, music, lyrics and direction can mamed the guilty has the sweet idea is by making his main protagonist, Maclean, a murderer, rapist, and swindler, rock musical is going to frighten the horses. Throw in Pope who comes on like a Mafia boss, and Abineri has civilisation on its head. With such naughtiness, who needs characterisation and

Sadly, no me involved in this superficial romp seems III share Abineri's bravura. The like hapless victims. stuck waiting for the next musical number. Luckily are rather good, guitar rock so currently out of fashion find it hits you with novelty. There is also some

EUR of those psychedelic blobs, excess in incense which made happenings in churches so fun a

Craig Ferguson (an alternative comedian of some note) works M being bad M Falls that, with a script trivialised into rhyming couplets, II is hardly worth II effort. Mark Shaw (singer with the Ima Then Jericho) enough as Johnny, the choir boy by Maclean the last Pope-star, but he would be more convincing if he actually played me guitar he male on Only Stephen Marcus Pope enters into the

of it all. If you think the spectacle of Holy Father a heart he sits before we altar is dynamic et de théâtre, et Johnny. You also get a tall lady in suspenders stalk-

'The cast are like hapless victims, waiting for the next musical number.

ing our hero with a gun; the heavily predictable sight of Father Maclean turning into wine; and a chorus dressed as school girls. Perhaps it could have been fun in a more liberated venue; perhaps the church still holds enough power over mind in rulan Johnny in and in an turing. This is really little more than an exercise in cheap publicity is promote an album

INTERNATIONAL

he into the role, and me

BERLIN

OPERA/DANCE Staatsoper unter den Linden Two Gluck operas - Alceste and Iphigénie en Tauride - can be seen in tandem over the next three weeks, in new French-language productions staged by Achim Freyer and conducted by Martin Hengelbrock. Casts are headed by Anna Anatonacci (Alceste), Höhn (Iphigénie), (Orest) and Keith Lev (Orest) and Keith Lewis (Pylades). Repertory also includes Die Zauberflöte and Minkus' ballet On Campa (200 47 E1725 4494) Deutsche Oper The main this week is the revival on Sun of Aribert Relmann's 1992 Kafka opera Das Schloss, with Wolfgang Schöne as K (repeated Feb 8, 22, 26). Repertory includes Tosca, Madema Butterfly, an evening of John Neumeier ballets and a Stravinsky production with choreographies Béjart (341 0249) CONCERTS Philhermonie Tonight, tomorrow.

Bernard Haitink conducts Berlin

Philharmonic Orchestra in works

by III and Mahler, with dally Frank Peter Zimmermann. Fin 12, 13: Eighth Symphony chauspielhaus Wed, Thurs: Maria Giulini Berlin Staatskapel in Brahms' Fourth Symphonies 2156)

NEW YORK THEATRE

Laughter on the III Floor: Neil Simon's 27th Broadway play, group of trying to write a new show, is one of his Jerry Mile (Richard Rodgers, 226 What 46th St, W/ 4100) Angels in Tony
 epic two-part religion, and less corrupt politics - conjures a man af America at the edge of disaster.

Part Approaches,
part played separate evenings (Walter Kerr, 219) Four Dogs and Reme John Shanley's comedy movie-making and power with in off-Broadway's biggest hits autumn (Lucille Lortel, 121

Christopher St, 239 Pendleton's play Junius and Edwin, portrayed by Frank Langella and Dillahunt, A York II Company production, Feb 13 Church, Lexington Ave at 54th St, 534 5366) My Fin Lady: Howard D genial new production in the Lemer

and Loewe musical, with Richard

Charterilli as Pruleur Higgins and Melissa Errico as Eliza (Virginia, 25 W St, 239 Bock, Hamick III III musical III a III washediy simple story all in humanity, integrity and chara I'al Broadway's mega-musicals III (Brooks Atkinson, IIII Wall ITTE St, IIIT

DANCE/OPERA Time York City presents in old premieres pur Martins' Symphonic Dances (Rakhmaninov) on Thurs and Richard Tanner's A Brillian Brillian IVI Fall 10. Darcey will appear us guest in Research Agon Symphony In C 10, 12 16. The company's winter runs daily except Mon till Feb 27, and Lin (C 5570)

Company (12) Fayer Flag takes Militaria and Murray Louis Dance 11 2 two-week engagement tomorrow (Funter College, Ave Ave 772 4448) Metropolitan Opera Tonight, Thurs,
Le di Figaro Helen
D. Ruth Ann Swenson, Dawn
Upshaw

repertory till and 24). Tomorrow, Fri. Thurs: Lucia Lammermoor and Jerry Hadley. Sylvester. See Mark Bridge Atherton conducts in night of Colin Graham's production if Imah In Venice, Anthony

Johnson and Thomas Allen, Feb. 14: revival of La fille du régiment W.U. Kathleen Battle CONCERTS

Avery Fig. Hell Tomorrow: Man Philhamonic Orchestra in works by Bach, Rossini, Handel, Britten and Rorem, with annual principals as soloists. Thurs, Fri morning, Sat, next Tues: Masur conducts works Eighth Symphony. Full 13: Mirella Freni Micolai Ghiaurov (875 Carnegie Hall Tomorrow and Thura: Zubin Mehta Philhamonic Orchestra in works by Sibelius and Brahms

(Thurs, with violin soloist Land Perlman). Wed: Viadimir Spivakov Moscow Virtuosi. Fri: Philippe Entremont conducts Dresden Philharmonic Orchestra in Brahms, Beethoven and Tchaikovsky. Sun afternoon: Dennis conducts American Composers Orchestra in Mexican programme. Sun evening: Matislar Rostropovich Wational Symphony Orchestra in New York remiere of Schnittke's Symphony, Next Mon: Edo de Waart conducts Minnesota Orchestra (247

JAZZ/CABARET Blues legend Taj Mahal can be heard tonight at Bottom Line, currently celebrating its 20th anniversary with a limited of high-profile bookings (15 West 4th St., at Mercer St., 228 6300) Eartha Kitt is in residence Carlvie Hotel, still keeping a feral

grip on the action (Madison Ave at 76th ... 141 1600) Rosemary Clooney begins a flocuridar Plaza, 632 5000) Joe Sample Trio begins mi engagement tomorrow in the Blue West 3rd St, Mar Ave, 475

PARIS OPERA/DANCE

Talling Line Champs-Elysées Robert Carsen's Aix production of Handel's Common on Thurs for his performances passages: by War Christie, and used hand by Pan Li Balton and Lynne Châtelet The world premiere Jamell's monodrama Cassandre takes place on Fri, with further performances on Ensemble InterContemporain in a staging by The Konwitschny. starring Marthe Keller (4028 2840) Salome, conducted by Myung-Whun Chung by Arcal Engel, con Lai with by Fare Huffstodt, Rysanek and Month performances Zimmermann's Die Soldaten, with cast headed by Franz Mazura and Lisa Saffer (4473

Opéra Comique Am production III Britten's A Night's Dream opens next Mon for six performances Bedford, can linear by Javan Schmid

and Liber Webs (1754 8883) Théâtre de la WM Anne Teresa. from tomorrow HII 4274 2277) Garnier 11 1'Opera m presents a Nijinski triple bill **Iron** Fab 9 🗠 🔤 (4742 5371)

CONCERTS

Thillim the Champs-Elysées Tonight: Yevgeny Klasin piano recital. Wed: John Eliot Gardiner North Manual Page Symphony Orchestra in work by Strauss, and Rakhmaninov, with vocal soluted Und Lemper, Fri: Charles Dutoit conducts Orchestre National France in Share and programme, and violin Jean-Philippe Dollard Berlin Philharmonic Wind Quintet. 21 afternoon: Philippe Herreweghe conducts La Chapelle Royale in a Legisland Park Services Services Corchestra of Age 🔳 Enlightenment 🚐 🚃 Pleyel Tonight: Armin in a Richard including in Land by Felicity Loll Wed, Thurs: Runnicles 200 Ordinant du Familio Vices by Britten, Promoter Sibelius, with piano but an Electric Leonskaja Théâtre de la Ville Fri, Sat: Zoltan

Kocsis plays piano music by Debussy, Schubert, Liszt Chopin (4274 2277) Châtelet III morning: Bena Brigitte Engerer play piano music for four hands by Schubert, Liszt and Ravel (4028 ARTS GUIDE Monday: Berlin, New 🚟 📶

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Ger-Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Gulde.

European Cable and Satellite Business TV (Central European Time) MONDAY TO FRIDAY Super Channel: European Business Today 2230: repeated 0630, 0715 Super In FT Reports

TUESDAY Super Channel:
Euronews: FT Reports III.
1315, 1545, 1845, III. WEDNESDAY Super Channet: FT Reports

THURSDAY Super Channel: Super Channel: 1230; FT Reports Euronews 1141, 1315, 1545,

FRIDAY Channel: FT Reports Sky News: FT Reports 2030 SATURDAY Sky News: 0330; 1330 SUNDAY

Super Channel: FT Reports

Sky News: FT Reports 1730;

Evidence for a real recovery at last



on the economic scene have a habit 📰 pointing information But just occasionally it is possible to be more definite.

For instance, it 🖺 certain, 💶 as anything www is, that the British has at a real By that I not merely itive growth, which we had since second quarter of 1992 of the Treasury so much, but growth sufficient of the developed dur-

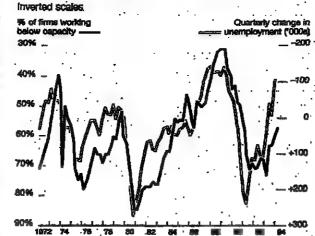
The fascinating aspect that it is possible to infer something important from made in which can put only signs and not mall numbers. The growth estiat 2.1 per non-oil GDP ~ will not be known with any confiwe however, be ably sure of is that output is rising faster than trend.

There are two main ways of measuring lim slack in the or one is from and inquiry our Main that cape ity utilisation in not merely a and 📶 higher than 🔳 🚞 bottom of the recession, but the second personal p began and ago,

mainly manufacturing, mainly manufacturing, more than m fifth of the total econone it is also may likely that high utilisation ratio scrapping of capacity just the strength of recovery. In it is that to check with intern matters data. Here we that the jobless surprised nearly all observthan year. The increase in female part-time jobs Other data, notably suggest that III labour market has been tightening since the

For any given state of price

Capacity working and unemployment



sures are affected both by the amount of slack in the economy and the rate at which the slack is being absorbed. Core inflation - if we remove both mortgage interest and tax distortions - is not far from 2 per cent per annum. The upward trend in sterling is also an anti-inflationary influence. The one influence for inflation is the rate at which the labour market is tightening, and unused capacity been

But starting the a deep danger have the remarkably pay settleomy is still operating the point an accelerate. The pruthe areas to the the leave well in the less try in by inter-enough seem is have been demanded mostly by the anti-EC Right among ministers. Clearly, the present rate of recovery cannot be guaranteed. What are the main threats? The first and well-advertised one is from the effects of this year's tax increases, amount-ing to more than 1% per cent of

GDP. But fiscal squeezes just

as large have in the past failed

to slow down recovery once

would be quite wrong to offset contractionary this source before there is any evidence of their impact.

The other potentially tractionary excessive rise in sterling. Here, however, alarmists them are being over-influ-D-Mark. They should look at a chart in the CBI's own January Situation Report, that it great bulk of the depreciation of ster-ling since the UK left the ERM has remained intact, if sterling labor. This is limited luck than the government was entitled to expect. Independent such as that collected by the Bank of International Settlements suggests that sterling is slightly money were to if wall money were to on London and sterunsustainable heights, then it interest rates, maybe drastically. The anti-European Right might then be torn between its dislike of exchange man-agement and its lately ered penchant for depreciation. If I had to put it all on one of Winston Churchills postcard-

wized messages, it would be:

"UK moving moving For now. As Asquith used

🕇 very business day, at 5pm Eastern Standard Time, a computer in a plain building in Phoenix, Arizona, goes into action. do its work: within seconds, orders from people who want to buy and sell shares in US companies have been matched together and deals struck, without human intervention.

At less than 700,000 shares a day, the two-year-old Arizona Stock Exchange accounts for a tiny fragment of the volume of trading that passes through the US stock market. It repre-0.1 cent II the combined shares traded on the New York Stock Exchange and Nasdaq, 📗 US's screen-based market.

To some in the longer-established exchanges, however, the Arizona Stock Exchange, others like it, pose serious threat to the future of the US stock market by taking busi-ness away from so-called "pri-mary" markets such as the NYSE and Nasdaq.

The critics have two complaints about the newcomers. First, some investors' orders may end up being executed in a market where they do not find the best price. Second, and worse, fragmentation may weaken the mechanism by which markets determine the best price for shares: increasingly buyers and sellers will no longer be coming together in a single forum.

The people who raise these concerns - the NYSE has been among the most vocal in recent years - do so in part out of self-interest. But such worries prompted the report last Exchange Commission, Im government agency which reg-ulates the investment markets. "Market 2000", the SEC's first broad study of the struc-

ture of the US equity markets for two decades, concluded that there is not much wrong with the way the markets are currently run. In the process though, it may have skated over some of the structural questions worrying partici-At first sight, there seems to

be little wrong with the way the US stockmarket is operating. The volume of shares traded across the country is far higher than in the little trad-ing frenzy which seized finan-cial markets in the mid-1980s. On the NYSE, the number of shares traded in 1992 crept back above the previous, 1987, peak 🖿 52bn; last yaar it soared to 67bn and shares worth \$2,250bn changed hands. The brokers, dealers and

The price of a share in the cake

Richard Waters asks if structural problems in the US stock market are being obscured

trading systems which act as intermediaries to this activity have reaped the benefits. Whether in the form of trading fees, dealing spreads is typical) a commissions (big institutions ally pay IN cents a share). their income surging ahead, along with the of trading.

Competition - particularly technology has increased opportunities for automating large parts I the share-trading Technology has blurred La distinction broker/dealers and trading private automated systems are owned by securities houses -for instance by CS First Boston in New York.

But the argument of the crit-that the competition threatening the integrity of the US stock market.

Certainly, some of the meth-ods used by dealers and trading systems to win business may be at the expense of customers. One way in attract more orders is to pay the person who brings them to you. Some dealers pay a cent or two share put business their way (known as "payment In flow"). Another way is to refund part of an institutional investor's commissions by supplying him with equipment such as Reu-ters screens or other services (known in the US as "soft dollars", and in the UK as "soft

This is the best war soft W lar "refunds" run at more than \$1bn a year. As the commis-sion pie keeps getting biggar, more and more people are trying to cut out a slice.

Such practices raise serious questions about whether inducements but with a broker investor's duty in get the less deal for their customers. However the SEC, in its report last week, seemed to provided to rull disclosure of the practices that the banned. But it is planning to



this year to force the release of more information about such

However, automated trading systems, such as the Arizona Stock Exchange, have other ways of attracting business.

The report may have skated over some of the questions worrying participants

They allow buyers and sellers of shares to deal directly with each other, avoiding the dealer's spread. To the extent that it has brought down the cost of trading and forced established markets to improve their ser-vices, this has benefited investors. Though the NYSE is worried about the impact on its business, the SEC concluded that fledgling new markets

should be murtured with a light regulatory touch and, if anything, given greater opportunities to compete with the pri-

The SEC has, however, not assuaged a far-reaching feer of established players in the US stock market; that if the volume of share trading is divided among an increasing number of arenas, the efficiency of the market will eventually be undermined. Trading on the NYSE still determines the price of, say, IBM shares. Other markets take its prices as a reference when handling trades. But if many of the orders to buy or sell IBM shares never reach the NYSE, its effectiveness in setting the most appropriate price will be

So far, the extent of the frag-mentation is limited, though use of private trading systems is growing fast - the volume of shares traded on them rose by 60 per cent in 1992 and then fraction of the total: 1.4 per cent of trading in NYSE stocks last year, and 13 per cent of Nasdaq stocks. The NYSE still handles 79 per cent of the trade in the shares it lists, and customers are generally happy with the service. "I like the ket and costs are OK," says Mr George Pirrone, head trader at mutual funds group Breyfus.

t the same time, the NYSE has itself encouraged the frag-mentation of markets. Half of its trading (up from 17 per cent 20 years ago) does not take place on the exchange's floor at all but is carried out by big securities firms who match buy and sell orders from their own customers, or who take big blocks of shares from sellers and parcel them out to other investors. These trades only nominally "cross" on the

floor of the exchange. One way to overcome the potential problems of fragmentation as the US stock market expands, is through linkages. Some electronic links already exist the HS, a link between the US's seven exchanges, Nas-daq and the Chicago Board Options Exchange, handles about four per cent of trading in NYSE shares.

To reinforce such safeguards,

the SEC last week proposed rule changes which would go some way towards forcing a greater dispersal of informaion within the US stock market about possible orders from buyers and sellers of shares, But while the commission

wants to to give the stock market a nudge towards a more open, competitive trading environment, the tone of its report leaves it unclear how hard it will push for reform. Changes will, in part, require amend-ments to the "primary" exchanges own rules. It is not yet evident how willing they will be to make such adjustments - nor how much pres-sure the SEC will try to exert on them to do so.

in expressing a desire not to disturb what it calls the "carefully maintained equilibrium" in the markets, the SEC may have avoid antagonising many of the middlemen who make a living out of trading shares. But the SEC may have missed an opportunity to establish a framswork to cope with the upheavals in market structure that competition and technological advance - and perhaps a future downturn in the volume of transactions - will

7 This announcement agreement is matter of result only. DINEAU 12/3

Acquisition of

.A.S.A. Abfall Service Holding AG

(a leader in the Austrian waste sector)

TIRU SA and SDS SA

(part of the Electricité de France Group)

Purchaser advised by

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London J. 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

No way to behave

From Mr Kees J Kempenaar. Sir, Richard Gourlay's otherwise excellent guide in recovsurvivors of the recession (Management: The Growing Business, January contains lamentable enachronism. The only way "...is to me able to turn round fingers up" represents pre-cisely likely to extinguish improved prospects.
We all have customers. What

is called for from suppliers is to take the lead in developing healthy and commercially sus-Ministry partnerships with their customers. This requires dedication to foster trust, and a mutini understanding requirements and ambitions. Fingers should in put

to work, not stuck up at cus Kees J Kempenaar, Calle Avilo 77, Barcelona, Spain

Time for more circumspection

Dr George M Georgiou.

It, Man bit late in the day for Joe to shed croco-dile tears ("It is a moral issue", January 18). His apparent revulsion at the vulgar materialism resulting from 14 years of Thatcherism and the concomitant lack of morality in British politics would have more convincing had he more critical attitude towards the Tories throughout the 1980s.

Mr Rogaly is lucky. With the benefit of hindsight he can take the moral high ground without the loss of his job. However, no amount of preach ing will eradicate the misery of the millions whose misfortune it was to be guinea pigs in a 14-year experiment in naive laisser faire economics. I hope Mr Rogaly will not

hesitate to use his column to be more circumspect when the Tories begin expounding their zealous conversion to whatever economic religion they discover from books written long, long ago. George Georgiou. 7 Patroklou Kokkinou,

chancellor will sing some more during his ablutions. The present chancellor might even consider similar

sterling support of science in the former Soviet Union. A sig-nificant chunk of their spending to support the pound last year was, I gather, channelled via the generosity of Mr George Soros to this purpose Over the past month or so my colleagues and I have been del-uged with requests from the International Science Foundation to review research propos als, many excellent, from science groups in the former Soviet states. These proposals are typically tightly budgeted requests for

Sir, As a scientist, I would

like to express my thanks to the former chancellor and to

the Bank of England for their

modest sums, to carry out first-rate science. In cost-effectiveness this probably the best aid yet given to the former Soviet states. By sustaining the scientific morals of eastern Europe, it does far more than an opera house of bankers for reconstruction and development. Perhaps the former

Now some aid for UK science

to UK science. Here, research is at present mostly carried out by harassed post-doctoral fellows on short-term and with no pros-

Those who are lucky enough to have jobs as lecturers and professors too busy responding quality audits, selectivity exercises and other the UK's Stalinist

west). At our college, they closed In chemistry recently for lack of interest. At an annual salary of £17,000 for a bright young lecturer, with an Oxbridge first, a doctorate and post-doctoral experience, or £30,000 for a high-flying 45-year-old professor (no cars, no fringe benefits), a slight diversion of the £23bn motorway money to aid science would go far to aid the UK's recovery. It is too much to ask for a lane off the M25, but could we at least have a hard shoulder? E G Nisbet,

control (something not suf-

fered by our colleagues in the

Holly Cottage, Middle Hill. Englefield Green, Surrey TW20 OJP

Different pay deals for Channel train drivers

Sir, Due to ■ misunderstanding, your report, "Aslef wins 30 per cent pay rise for Channel train drivers" (January 13) confused two agreements reached by my union.

Annual salaries of between £20,500 and £25,000 have been agreed for 55 Eurostar drivers working for the BR subsidiary. European Passenger Services They will take passengers from Waterloo International through the Channel Tunnel to Paris and Illine A separate deal has been

reached with Railfreight Distribution under which drivers in freight trains will receive a tunnel allowance of £90 reek, double the surrent driver only allowance, on top of their BR basic weekly wage of £210. They will take trains through the tunnel as far as

Aslef publicised these agreements, which compare with drivers' current average earnings across British Rail of

a week in total.

the terminal in Calais. We

anticipate that such drivers

will be able to earn about £400

about £18,000, to show that we intend to negotiate the best possible settlements for our members. Last year's Aslef conference accepted that we may not be able to keep all drivers on a uniform rate of pay nationwide when we face the possibility of having to talk to some 41 different train operating companies under the privatisation plans. Lew Adams. general secretary

Associated Society of Locomotive Engineers and Firemen, 9 Arkwright Road, London NW3 6AB

Memory is not very good

From Mr R S Rollings. Sir, With reference to your excellent review 📶 🔤 Computing (January 26), PCMCIA meant Personal Computer Memory (200 music International tion on 1; Computer Memory Card International Library Library Card Industry Association on page 5; and by page 6 you had shortened it to PCMIA.

Computer Industry Abbrevia in fact the meaning of

PCMCIA is Personal Computer Memory International Association and it has largely the JEIDA standard. JEIDA? ... Don't ask! 1 Caedmon Close York 120 OHS

Hitch in flight to Cyprus outside airline's control

From A Demetriou. Sir, We refer to Mr Skapinker's article (Business Travel: "Long day's journey", January 10) regarding the disruption to British Airways' flight from Heathrow on December 27 1983 and Cyprus Airways' flight from Heathrow on December 28 1993, as a result of civil servants

strike in Cyprus. This lightening strike

occurred on a bank holiday late in the evening and there was insufficient notice. Cyprus Airways and British Airways, (which well as the handling agents of Cyprus Airways), the two affected airlines

flying from London Heathrow to Cyprus, followed the same policy for their passengers. Although the strike was outside our control and the airline is not liable, we would like to

apologise to Mr Skapinker and indeed to all of our customers for any inconvenience caused and assure them of our best attention when they next fly with us. A Demetriou.

regional manager northern Europe, Cyprus Airways. Euston Centre, 29/31 Hampstead Road, London NWI 3JA

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: Fax: 071-407 Monday January 31 1994

China and the Gatt

Napoleon once advised the world to let the Chinese giant sleep since "when he wakes he will move the world". By now it is too late. The question for the world is how to respond to the quake. On balance, best choice is 🕍 🗀 🖽 🗓 rapid market-oriented development of the Chinese economy. One implication in that China should be accepted into the Illianal Agreement um Tariffs and Trade, atrict economic conditions.

There is no denying, however, that China presents problems. The country has three inhabitants for two in William Europe. North America and Japan growth ran nine per cent between at such a rate for decades. It also brings mailer a powerful comparative advantage in labour manufactures and access to capital and skills. On the minus side, its economy continues to be distorted by the legacy of planning and controls.

Len but am least, Chim is corrupt despotism. The notion anything Ibe To present regime li bound = ____ But rapid export-oriented industendimina is likely to comb strong pressures for political in China, as It has in the east Asian countries. This is why the west should focus its attention sustaining market-oriented application is join (or, as would rejoin) the One present an opportunity

Urgency

1947年間

The Gaza's working party on China's membership was establised in less that the Tiananmen Square massacre and the Uruguay round put these discussions largely on hold. urgency has been injected into the negotiations, partly because this is important place of unfinished business and partly because China is ensured of becoming a liquidity trade organisation only if I and the on Gatt separate are completed this pur Otherwise, there would have to be used negotiations over China's accession to

would like Gatt entry on standard conditions, conditions of the politics will Mira

tariff medica alone. Other Gatt contracting parties want cial provisions, including a safeguards clause, a procedure for review the reforms and greater transparency in the policy regime.

Meanwhile, the US is making the grant of most favoured treatment, itself the most fundamental [all principle, hostage in improvements in human rights. Technically, I would I possible to combine Wett membership with such bilateral conditions. But they render membership meaningless, since the US would relationship with China

Economic dialogue

There we good need however, let 🗠 🖽 modify its approach. Withdrawal MFN treatment would be economically damaging in the IE itself. It would also harm the economic dialogue begun by President Clinton at the Late Economic Co-operation (4100) from in Bertile last November. designed M arms helicing and concessions have been shown not to be the most effective political change in Claima Gatt, by contrast, offers a but still powerful multilateral improving China's economic policies M . more direction.

Carna membership of the Call should therefore be accepted, but subject : safeguards regime economic reform. This would bring China into what is expected is because one in the important bodies in the global economy, as bellu les country's size and potential.

Some will argue that China not less Call member in good standing, because it would be politically impossible in offer equal treatment to imports Iran so non-market economy. That is an argument against mental by in front of mod tional

The sent court ignore gross etaleticies of immun rights in its relations with China, - un other country. But IL India mileton should focus on the policies that affect in a if trade and a contact issues move in the mall and all

Reforming the welfare state

The cost of the welfare make a one the challenging policy world's leading economies. in a significant in which burden almost all the in the Organisation for Economic Co-operation and Development. As the UK government learning, failure control men spending eventually u the political odium that accompanies higher

Demographic bands park thi reform ===== long delayed. The people in in OECD man will almost in ble by 2050. At the same time, birthrates man lift there will 🔙 fewer people 🔟 working age. In 1990, there were five people working one over in 2050, will will than three. The rising and of elderly will fall on a shrinking band if part at work. They in unlikely in find acceptable increases in lime leader in part

the bill. techniques deployed across the developed world to control welfare costs vary according to national circumstance. But in the FT's state around the world, which morphism il opposite page today, it has lam possible lamb cern some realist the

One I greater emphasis on persuading individuals in their provision. In the UK, persuasion H open, with incenout personal pension in other European countries, such as Germany, state pension benefits we been reduced, encouraging individuals 📭 🚾 more for themselves. Public wela larger individuals can per-

Part-time work

A second theme is reform the labour market we effective working life. Way is in more opportunities for part-time work for the people and limin will home responsibilithis requires looser regulation. Another is III raise the retirement age m that individuals may work is as long as they wish, and continue paying taxes longer to

support in the current recession, employers of sion and in reduce their staff. But demographic will soon require them to retain their for as long m possible.

Thirdly, use charges will also come play a greater role in welfare services, particularly in health. Line charges responsibility many by providing an incentive And as in President Clinton's health reforms, asking patients in share the and if truth ment can them in them downward pressure on charges.

Safety net

In making the reforms, the nature of the inevitably change. In longer will from the the grave. Instead, the will system will more of a more net which vide for themselves. This withdrawal of the state in favour of individual provision should seen as a natural step in societies which are becoming affluent

and choosy. It can only happen gradually, and currently in work must continue in pay the pensions already retired while building up their up savings. And there is a danger that a more targetted system comb disincentives In Greater compulsion M and le old and may be required as the state withfrom universal pensions.

However, it is in that welfare system de not the efficiency a labour markets that the greatest challinger are faced. There is an inexorable decline in opportunities for full-time unskilled labour and a growing demand part-time and flexible workers. Participation in this changing labour market can discouraged if the withdrawal of means-tested benefits with the taxation system to create poverty trap with very high

effective **u** rotes. Finding ways in error illed the hey to avoiding welfare dependency. It is at the heart of the economic success which sary in underpin and form of wel-

hen Boehringer \$1.5bn a realised how much in German drug spending would profits, it decided to move headquarters of phardivision on the Rhine

Connecticut in the Mr Chief operating officer, is determined to by April. "Operating profits in Germany fell by 20 per cent in the first half of last year. The have to reduce costs, This move will me money." About 1,500 of the 9,660 jobs on the company's German payroll will cut as ■ result ■ the move.

Emigration may not be on European drug company's agenda. But the Continent are making some tough in in to curbs in spending drugs by governments

Official for the lite available, show prescription drugs worth \$50bn were sold in the five European markets - France, Germany, Italy, Spain and the UK. Three earlier, the figure \$36bn, in real limits was borne

by the public through which reimburse or subsidpharmacists and the supplymedicines in patients. bill is rising an ageing

population healthnew for ailments must ire migraine 🗷 🚧

But recession blunted both the will and ability of governments iii and the bill. Moreover, a ment nation of pressures has led to a reappraisal principle universal provision un which of the European willing mais systems have been based.

In an which to control costs, Germany in cut its call mal health drugs spending Prin DM26bn (£10bn) in 1992 in HWEEL in 1985 this month reduced in number II drugs eligible for subsidy, saying it wanted to cut the national drugs bill by The French government last with drugs industry representatives that will cut the growth in drug wild inter more than 8 per cent a year to I per cent, according to make by Goldman Sachs, The securities house. year, the UK government imposed **a** per cent cut on the prices drugs the NHS buys. And Spain is considering toughening

The wie has been startling. Growth in pharmaceutical sales in Europe, which averaged 11 per cent wear from 1987 to last fell to just over ■ per ==== in 1992 === zero last year, according to Lehman Daniel Green on the strategies adopted by European drug companies to cope with cuts in state spending

Sweeteners for a bitter pill

Brothers, the stockbroker

The impact corporate profits will be apparent in coming as as results season for European pharmaceutical companie under An indication II lies in man came last when full-year results from drugs company, showed 7 growth in the 💹 but

only I impact of in the UK, Italy and France still to be felt, and with further price controls likely in Spain and Emple Europe, industry not waited for profit figures before takaction. What they we doing by and country, but

· First, they are cutting payrolls and closing sites to reduce operating costs. In Germany, Hoechst is eliminating more than 20 per cent 1,400 jobs at its pharmaceutiand send office. Bayer, profits an drug

in Germany in the II-M nine cent on the same period we year earlier, plans to cut 1 30 = 30 of 1,100-strong pharmaceutical marketing division.

The by the chemicals operations. I caused rule out targeted job tune in 1995, but if will not be on the level seen so far," all Mr Links Schneider, chairman, Illerin of the UK, Europe's Iller

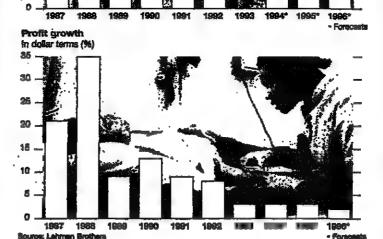
drugs company, cutting in Germany and Italy. And March less and I want and 1,000 jobs, 15 per curil of the workforce, and partially close in the plant - Il Illum Chapel in Chesire in

Other companies have classed make plants. Welleville M the UK, for example, we shut one in Belglum and another in III UK. Meanwhile, Triming to the la reorganising in entire pharmaceuti-

cals manufacturing operations in France, Spain, Italy and Belgium at of SFr250m (£114.1m). The plan involves closing general-purpose plants and replacing them two multi-product sites in

European drugs market: a turn for the

in local currency terms (%)



and Belgium, and replace them with plants in France, Spain Italy, each if which will specialise in particular products. The programme in only half complete, but Clba is already claiming production ard savings of 20 per cent.

 Second, pharmaceutical tives are responding in gramme by developing new marketing strategies. The objectives were be promote drugs which governments pay for and to focus on hospitals with we greatest buying power. Swiss company Sandoz is one

"will promote products in are affected by the healthcare reforms", says Mr The Baerlocher, chairman of Sandoz's pharmaceutiun usually time that un unique and have little competition. Spending on its drugs Sandimmune, in transplants, Mil Clozaril, used is treat schizophrenics, has emerged relatively from bedfilens refords.

■ Third, industry ■ are redirecting remarch and developproducing "me-too" drugs, which grab a small market m particular treatment, towards programmes likely to produce high-selling drugs. In the UK, Italy and Germany,

only ■ handful of products in each therapeutic area is being given official support. Othenored.

the 10th beta-blocker [a limit treatment] in the hope of getting a few that market," Mr

tral product management. "Govern-ments just "I reimburse it." There is a corresponding empha-on genuine innovation, which offers the possibility of me niche markets or even monopoly products. Boehringer Mannheim is lowing this route. "We have reduced headcount and are focusing on fewer areas of R 🖺 D," says Mr McDade.

Another option is in bolster patents expired (usually after years). Competition means prices are low, making them attractive 🖿 government health adminis-

• Finally, European drug nies are seeking alliances with counterparts elsewhere, notably in US, import expertise in generic products.

Last October, Hoechst paid in US gener ics company Copley, Wa company's first North American corporate deal. Moreover, Glaxo and Wellcome last with the Warner-Lambert to generic products internationally. Last week, Bayer said it was in final of negotiating an alliance with a US generics

Glaxo now has said with no last than III small biotechnology companies, mainly in the US, while hate nameny Roche has more than 20

For Mr Mclime of Boehringer Mannheim, the strategy man is simple. "We mr going build collaborations. We are 📹 going 🖿 build

and mortar any more. These These was a leaner European pharmaceuticals industry may, however, be inadequate. Government anxiety about escalating built and looks at a spread to more European

Privately, and emeline publicly, industry acknowledge they "Every" "Every drugs currying has 11 th cut," 1471

industry's past profitability conestal simulated westerment "Prohadin man have in the past not man a significant consideration. One key is success will be proefficiency. There is sell fromthers to drug

price controls within im industry. The European Commission 🔳 📥 national drug pricing contradict the spirit of the single market. By governments bound to try to control costs. Pharcompanies, it seems,

Odd man out in global welfare state



Harm "war room" reportedly punched in air with limit fists. The cause I the ment? Para Bill Clinton just taken one 🖽 🔝 steps in his

political career. In his state of the Union address, he was his per hi members of Congress and threatand to win any hallicon legislation that did will guarantee insurance rates for all Americans.

The incident is a reminder that policies (such as universal health cover) taken in granted for dealer elsewhere remain controversial in US. In Europe, In political challenge ! M find way if easing int crushing financial burden imposed on public by long-"cradle-to-grave" wel-In the Paris I little stands for extending government services; the quest is miles for politically acceptable and in public provision.

The IIS by contrast is still in the building phase. In addition in providing health cover for mu unin-Americans, Mr Cilian envisages larger government role in passive unemployment insurance

system with an armid "re-employservice" M II'm kind pioneered in Table Eally than simply cheques, public agentraining and provide assistance in job search. As with healthcare reform, this is part of a broader a sense of personal security.

An extension if the in welfare only because social policy has been so circumscribed in past. Americans grumble high taxes, but Ilian burden in still relatively mane. Total wrear spending accounts for only middle in you want of gross illuments product against an awar of 52 per in Europa. Public spending is uralism instrum ferminal featurates said US heavily on private provision (the majority still insurance through private employers) and in never entirely lost in in in 19th century ideal " - help.

Most Americans accept that a safety of fir children, the elderly and in dalla - the "deserving poor" - is But I'm concept of "income support" for anybody who falls in hard in the in the culture. Unemployment insurance lasts only six (except during recessions);



MICHAEL PROWSE AMERICA

single adults are on their own. support is restricted mainly to families with children, usually headed by single parents. Public database social policy.

however, is strangely started Querying the real man largered on the elderly - including well-to-do become politically wirtually no discussion of the man of finds Security, is federally run pension system that main taxpayers \$300bn a year. Nobody remotely concerned by reports showing III ill payment system could insolvent early in the century was baby-boomers wat

retiring.
Pundits are instead driving themmiles had a frenzy over helben

support inner city families, heavy training and financially insignificant component the training and spending - Aid la Families with Dependent Children, main prop, is only a year, or about two per cent of the budget. The average payunder the programme is princely a month, little more than half real level 20 after allowing for inflation. Weifard touches a nerve, how-

ever, it is widely regarded as having to a Limit chronic problems, including sharply rising illegitimacy rates, receptive is public opinion, Mr Clinton promised = "culof dependency" by unveiling tough welfare spring. ily Support Act, which introduced a limited form of "workfare," by setting a mid me wellimit on welcheques. Tir hope is that most well-

recipients and he placed in private many jobs with the time limit expires; im required perform community work. This, least, the theory although many experts doubt that it can in inclinal It would require

of the US warm state at threat- additional 1.5m public jobs, ens to introduction the published which would hardly further the and draw objective of "re-inventing" government by reducing

In urging Congress to enact reforms in healthcare, welfare, and job training - we to mention criminal sentencing policy - Mr Clinton is emerging as most socially president since Lyndon Johnson. But will succeed in significantly reshaping IIII policy remains uncertain.

If Mr Clinton guarantee universal health rown is likely to be phased in over many years. Limi in a government will certainly end up were restricted than envisaged in the original walls plan. In the longer run, America's likely likely remain lean, patchy and relatively inexpensive by and market - despite W Clinton's activist

This is the last in a series analysing welfare across the world. A reprint of 111 articles. A4 format, MI shortly for III For details, unamed to Marketing Department, There is Times, on White But

OBSERVER

Wrong sort of wax

Her Britain's recently married minister, Massa Soames, regulations about mineral hydrocarbons are bubbling in the are causing a bit of a stir amongst his landed gentry.

livacine afficials here long been concerned about the harmful ompounds in The plan is to ban almost all M them, but Management permit their use in defeathering waterfowl, coating and in chewing gum.

All Ima and dandy, except that only is kinds of mineral hydrocarbon 🜃 🖿 allowed - high melting point microcrystalline wax and high sulphur microcrystalline wax - are not, according to those remotely with the know, aforementioned

Cover-up

signs IIII accountancy profession is beginning to buckle under III strain of many members breaking um many regulations. Accountancy magazine, the official organ of the Immus of Chartered Accountants in

England and Wales, has decided in stop publishing, for reasons if names if knuckle-rapped by M. disciplinary committee. Unless M. M. object in large numbers, " orders" minor misdemeanours will no longer even be hidden in small print at the back of the magazine.

Quislings

■ Hope that Alan and his team International, poised in little over the bracket Magnet business, www better prepared today's meeting deal, than they when quizzed the Observer that whilst

top team might good 👪 financial figuring, it 🖹 a bit short un general knowledge, judging by Hil performance m a corporate quiz night organised by headhunters Thursday. foolishly, harmond fielded top team of chief executive Alan Bowkett, Denis Mulhall, director, and company secretary, Barry O'Connor, rather than a bunch of unknowns from personnel department.

The Bearing big-wigs got trouble early on when Bowkett (geography "A" level with distinction) admitted that he had no Mis II the length II M Allamen and his **Manual** director confused

图 8 拼拼 BANX

'I haven't 📰 mad cow – [ˈm evilˈ

miles with correctly identified a picture 🔟 Caernarvon Castle, only 🖿 🌬 over-ruled by his company secretary, limited position in latter place was

Aiming low

■ Illimut is resorting it some hard-hitting copy in the take control LWT. Its circular contains "10 LWT rather you didn't know...".

That's in kind of whatel mid. Kelvin Merican and a pull when he was editing The Sun, Britain's daily fall Come think of it isn't Madagada in the Harmell camp these days by the of his new job managing British Sky Broadcasting, partly-owned by

Granada 10 10 10 about LWT were all 11 own work and La a straight lift from The Strain editional style book. Fortunately for LWT. knocking was a bound by the mile of the Takeover I than the Press Complaints Commission.

No show Willie # Fire marks after moving in

London on the Bank of England's following #3 KE Midland, William Furnilla part M La City scenery. But his determination in maintain a low profile new heights this month. He is soing to turn up

ntation 💶 💵 headquarters. presentation in headquarters.

Sir William has opted in present the number in Hong Kong, leaving the Market in Landson in John Bond, chief executive. All perfectly given that has slightly higher capitalisation Hong Kong exchange than in But perhaps rather telling

the city in which 🖿 📥 🗖 🛋 comfortable, central bank formalities

Rate for the job reports that MPs

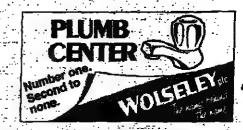
threatening to boycott the BBC
it has stopped paying II
for their TV and
seem a bit of the mark. all the Mice was policy has been in place for almost a great and it have led any drop in m number w wanting to grab the BBC microphones.

It's surprising that the BBC did not call the MPs' bluff earlier. Only a mavericks, such as former minister Alan Clark, enough money on the table.

Mudslinger

Field Walton, Ille prop-forward stockbroker took over as chairman Manchester Henry Lumsden the right community.

"Dealing with auditors," a local tells him. "is like wrestling in mud with a pig. You think all pretty ghastly - then you find pig's enjoying it."



South Africa comes closer to ethnic conflict

Inkatha and white right defiant on all-race poll

By Patti Waldmeir in Ulundi, KwaZulu

South Africa stepped closer ethnic conflict at 🕍 weekend 📖 black white right-wing direction and their the April's all-race elections, increasing the pressure on gov-ernment and the African Congress - Lines their views.

Both the mainly Zulu Inkatha party and the William Volksfront (Africaner People's Front) they would take no final decision participating in the poll until after today's planned talks with the ANC and government.

But supporters from both organisations, meeting at conferences, rejection in the elections. Militant AVF supporters forced Gen Constand Viljoen, the AVF leader, to leave the stage when he proposed to a gathering of 10,000 Afrikaners in Pretoria that they should vote in the April 1708

Vilioen, who has battled to

I supporters of the Indian line deal struck between the two Afrikaner Weerstandsbeweging sides in recent weeks was put to (Afrikaner Indiana Mana

Ultra-militant AWII IIII Eugene Treplaced

Balling Married Appealant to right-wing to on Sunday to provoke ministra in both Mrs. Reuter reports from Rustenburg.

tour speaking during a province, following a rally by right-wing Afrikaners on Satur-day which demanded that violence remain an option in their quest for self-determination.

him un podium. m separate election for their own homeland, although moderleaders later down this demand, calling for Afrikaners to vote on a separate ballot paper in the same day as the national

The land could undermine talks between the ANC and the ing doubts over whether Gen Vil-joen Teasonable right

Aller the conference, AVF and symbolic below pendence from by electing own rival joen pleaded for flexibility from the ANC and government.

Both Gen Viljoen and Inkatha leader Mangosutha Clearly hope demonstrations of popular support is not boycott ell leaders, in home blink is now significant compromises It accommodate the right's demands for regional autonomy and "self determination" of the Zulu and Afrikaner people.

Inkatha's conference in Ulundi, the KwaZulu capital, yesterday adopted a resolution calling for further talks, be the limited made der that the party series boycott the poll unless constitu-tional changes were made.

sales for mobile networks, said the intention was to spread use of the system outside the Royal Family. The whole system would be completed by April.

He rejected suggestions that the network would cost between

\$40m and \$50m but would not be drawn on the price. A 50,000 line system built for Kuwait cost \$30m, according to industry analysts; that suggests that if \$40m was close to the real price for the Saudi system then the royal fam-ity paid heavily for the speed and secrecy with which the system was

larly mobile telephone systems, is a touchy subject in Saudi Arabia where the demand for mobile telephones is huge. There is a mobile network of sorts, based on obsolete analogue technology and extending to only 20,000 lines, 4,000 of which are reserved for the use of the Royal Family.

Balladur unveils measures to boost economy and jobs

By John Ridding in Paris

Mr Edouard Balladur, the French prime minister, yesterday unveiled a package designed stimulate France's struggling economy and curb the rise in unemployment.

The measures are designed to encourage consumer spending provide support industries, including the motor industry, which have been badly hit by France's economic downturn. They concerns about an unemployment rate in excess of and desire strengthen the country's weak economic recovery.

The principal elements of the which was minimize by a budget in a targeted in FFr300bn (\$50bn) in year. the an easing of the rules relating w employees' profitsavings schemes.

Under in proposals, employees will be able to tunds

3

usual five-yeer deposit period if they are used to buy cars or for housing-related expenditure. Insee, anational statistics office, all about

The motor industry will receive additional assistance through an innovative to give FFr5,000 allowance to motorists who trade in cars more than 10 years old and buy new vehicle.
This appears to apply to a of car, irrespective

Last year, car in French fell by per to 1.72m, annual figure since the mid-1970s. Mr Balladur, stressing that yes-

terday's managed the act much a departure from existing economic policy, additional plans to the rise in unemploy-

plan, which was announced last year, will be accelerated. Compabring forward negotiations to discuss how to increase flexibility in working practices and to extend part-time work and training

In addition, the government said would employers to increase the number of service sector jobs.

Mr Balladur said the economy's

performance was improving and confirmed the government's forecast of 1.4 per cent growth in gross domestic product this year after an estimated contraction of 0.8 per cent last year. But many private man in manual and more pessimistic. Tie 2.1 per cent in in spending on manufactured goods in the final quarter 🔳 🕍 ా has rained limit that resummer activity declined recovery in the July-September period.

Japan plans \$125bn stimulus package

Continued from 1

Kubota, director of the Economic Planning Agency. It is also considering expanding an existing five-year public works, worth Y430,000bn, by former prime minister 🐿 Kiichi Miyazawa, officials quoted in the as saying.
This package be

Europe today

A storm moving from Scandinavia to Russia

will bring widespread snow to Finland, the Baltic States and Russia and strong winds of in its wake, a cold north-westerly flow will keep temperatures

below normal from Denmark to Bulgaria, An

active low pressure system approaching iceland will draw warmer air over the British isles, while associated rain will affect Ireland

and Scotland. Meanwhile, high pressure

ons entite and

Tuesday will be settled and mainly surray over large areas of Europe although the UK will be

Lufthansa

very rainy and windy. The rain, followed by cooler conditions and showers, will affect all Atlantic seaboard countries from Wednesday, will stay unsettled. The eastern

Europe. Temperatures will 📖 🔤 above 15C on Spanish coasts despite some morning The eastern

have a final day ill showery and windy

Five-day forecast

of just over Y30,000bn, have so far the growth, despite recent signs of a pickup in a few sectors.

kawa will have evidence attempts to stimulate domestic demand when he meets US President Bill Clinton in Washington

on February 11. US-Japanese India relations have been strained by failure to Washington's that Tokyo should accept numerical targets for reducing its trade surplus. The Japanese ment Mr Clinton is break down.

FT WEATHER GUIDE centred near the Azores will extend to norther France, bringing mainly sunny and mild

Meditterranean will be mainly dry and sunny from Wednesday with temperatures above sun cloudy doudy doudy fair sun cloudy anow sun shower doudy sun shower doudy sun shower doudy sun shower 15 7 30 31 24 25 11 7 28 14 2 6 5 5 5 2 4 4 29 23 13 15 27 24 18 19 -13 17 7 9 3 -1 8 7 7 cloudy sun rain fair anow fair sun cloudy sun cloudy sun cloudy sun cloudy fair sun cloudy sun cloudy fair sun sun sun Genava Gibegare Glaegare Hermburg Helsinki Hong Kong Honokuk Jersey Karechi Kuwait L. Angales Les Palmas Lima Lishon Landon Luccbourg Berin Bermuda Bogota Bombay Brussels Budapest C,hagen Care Cape Town Caracas Riyadh
Rome
S. Fraco
Seoul
Singapore
Stockholm
Strauboung
Sychny
Tanglar
Tel Aniv
Toliyo
Turnito
Turnito
Turnito
Turnito
Turnito
Turnito
Westesaw
Westesaw
Westesaw
Westesaw
Westengton
Wirmipheg
Zunich Latest technology in flying: the A340

Exclusive

Saudi royal family secretly commissioned ■ 10,000-line mobile telephone network for its exclusive use from Siemens, the German electronics sought the approval of the Saudi
authorities
and has annexed frequencies earfor country's public
portable telephone

phone

network

Royals

for Saudi

The network, in only three weeks, was first for the December meeting of the III Co-operation Council in Riyadh, where each delegate was presented, on arrival, with a porstandard and adopted by European countries for the next generation of portable phones.

Stamon confirmal that the system had been constructed for the Royal Palace and that its technicians were extending the network to 30,000 lines covering Rtyadh, Jeddah, Dammam IIII Saudi Arabian cities. Mr Helmut Muller, the German

group's director of international sales for mobile networks, said

The royal network was uncovered last week by journalist specialising tions. Mr Damian Peachey happened to switch on his mobile phone while here in Hydra and was presided to see a manufacture on the acreen that the was live but he was forbidden to use it. He knew Saudi Arabia had no public mobile phone network, but the message suggested there must be a cellular radio system operating in Riyadh on the the GSM standard.

GSM, based on computer tech-nology where messages are trans-mitted as a series of electronic pulses, is the technology of choice for the Gulf states. It allows users to "roum" freely and use their phones across national boundaries. Siemens has already installed CSM systems in Kuwait, the United Arah Emirates and

THE LEX COLUMN

UAP breaks cover

UAP has again cast its shadow across the boardrooms of UK insurers and set pulses racing in the equity market. Last week's comments by Mr Jacques Friedmann, UAP's new chairman, were not the first to spell out the company's arrange market would be a non-life insurance market would be a strategic fit with interests in continental Europe. While it is difficult to believe that UAP would be willing to launch a bid before its privatisation in the spring, an acquisition thereafter cannot be ruled out.

The small stake in Sun Alliance acquired last summer by TransAtlantic, the investment company which UAP jointly controls with Liberty Life of South Africa, could provide a toe-hold. The remarkable performance of TransAtlantic's shares in recent weeks up from 320p to 440p since early
 December - would be a promising foundation from which to raise additional capital. The HALL partnership with TransAtlantic was a convenient way 11 settling uncomfortable rivalry with Liberty Life over the ownership of Sun Life. In the long term it might prefer full con-trol of its investments.

fullber if it was that their world be getting good value by making a hostile bid for Sım Alliance, which is atready trading at a substantial pre-mium to net assets. A smaller, agreed deal might offer better value. Since UAP does not have to worry about tting UK insurance brokers, buying into the fast-growing direct insur-ance sector must be a tempting option. It is less clear that the owners of the three largest direct writers - Royal Bank of Scotland, Royal Insurance and Winterthur - would want to sell.

Australia

No one can accuse Australian equities of poor performance in 1993, their rise of around a third did lag the striking gains elsewhere in the Pacific rim. Then runes the question of market will fare if international investors really tire of the fancier mar-kets such as Hong Kong. Part of the answer is that an end to the liquidity flows from the US and Japan which have bolstered south east Asian mar-kets would certainly dull the prospects for Australia as well. But international investors are still underweight in Australia, where markets could fare relatively better. Gains to date have not left industrial issues particularly ings increases of some 25 per cent in .

the current fiscal year. Resources issues could outperform if recovery in the industrial world brings the pros-pect of rising commodity prices.

Australia's long recession forced companies if our costs to the point they are markedly more competitive. That has current as a proportion of output, last year's deficit of some 3.5 per cent of GDP was the owest since 1980 even though exports have well yet been boosted by commodity prices. With inflation still low, there is also some prospect of a stronger Australian dollar.

The biggest appeal should be Australia's resource-based economy. On past experience this should come into its own if a turnround in both the Japanese and European economies brings synchronised recovery in the industrial world in 1995. Admittedly, coal prices remain depressed, but met-als are already starting to attract attention, as the response to Mercury Asset Management's international mining fund showed. This argument still assumes, though, in stark con-trast to the latest US GDP figures, that there can be no meaningful recovery without a spot of inflation in its train.

Trafalgar House

Today's trained in rump of Trafalgar House's rights issue marks a departure for the London equity market. In turning the back on the established system — whereby shares are placed with institutions at a discount to the market price - Swiss Bank Corporation has attracted brickbats. Such placings have long been a source of cheap stock for institutional investors and means of patronage for

As a relative newcomer to the Lon- are likely to be losers, too.

deals to its credit, Swiss Bank is already out of favour with corporate financiers of the old school. But if the auction results in shares being sold closer to the market price, Trafalgar's shareholders – even those who declined to take up their rights – stand to benefit. The main reason for caution in principle is that auctioning a very large rump of shares from a badly failed rights issue could arguably result in a more volatile market than the old softly-softly system. Since Trafalgar's share price has risen by more than 25 per cent in the last month, though, the runn is likely to be modest. If that turns out to be the case, the proof of the pudding will be

A nest coincidence of timing brings Spain's government sponsored rescue

Banesfo at precisely the moment
that Continental Bank, salvaged by a
comparable US effort in 1984, disappears into the arms of BankAmerica.
Since Banesto is also likely to be syallowed up, one lesson is that a fight for survival, even one as successful as Continental's, damages a bank's chances of remaining independent.

There is another lesson, too. Both Continental and BankAmerica came through their difficulties of the 1980s.

by focusing on the things they did best nationwide corporate banking in Continental's case, regional retail banking at BankAmerica.

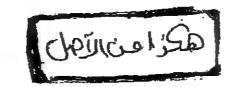
In principle, the two together make a stronger, more diversified bank than either alone. In practice, unusual man-agement determination may be needed to avoid a consequent loss of focus. And the knock-down price in relation to assets at which BankAmerica is acquiring Continental reflects the market's misgivings about the long-term profitability of wholesale banking.

Banesto should have such problems.

Despite J.P. Morgan's cajoling, the old management had not steeled had his settle for doing a few things well. The new managers probably have the incilnation but they may not have thetime; the rescue plan seems set to hand control to a rival in a matter of months. Selling the deposit guarantee scheme's stake so promptly risks crys-tallising losses at the low point of the bank's fortunes. Banesto shareholders, diluted by 75 per cent, may not be happy, but all Spanish bank dep

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FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1994



Controllers, Electric Motors, Gearboxes

Groups examine Ferranti defence electronics arms

and Paul Taylor in London

About eight companies from the UK, France and Ill US pave emerged ____ candiover the bulk of Ferranti International's

Ferranti's administrative receivers have drawn up short-list of companies which www expressed murat in acquiring III per cent is more collapsed man mint in receivership since parly December the General Company withdrew a 1p-a-share man bid.

The list, compiled by Mr Murdoch McKillop Mr John Talbot, ih. administrawe receivers from Arthur Andersen, is understood = include GEC, British Aero-Thorn EMI and Thomson-CSF | France. The lift of ntential corporate purchasers also believed in internal un French delimine concern

US companies. L Will II seven Ferranti led by Mr Mill Burton, director of maris also preparing bid for most of the Ferranti operations. Last week III sonar grouping.

in Leader

An extraordinary clash

between Williams of ATT

and his predecessor marked

annual general meeting of

the UR-based transport and

About 1,110 shareholders

🚃 Sir Peter Thompson, 65

led an employee buy-out

in 1982, accuse his successor, Mr Peter Watson, of putting

the group's traditional values

Peter particularly critic-

ised the board's failure to seek

shareholders' permission in

advance of the group's IIIII

(\$394m) rights issue last

month, which will dilute the

proportion of equity held by

employees.

Watson, who succeeded him in Why

did we find it impossible to

logistics group.

over culture

NFC chiefs clash

management team equity finance la land either a full meaning and employee buy-out. w de management/employee element 🖃 consortium in conjuncfrom the UK

The Ministry of not med in the part in rme corporate or a tium bid and indicated tition objections. However, in the event of French bid it likely that III MoD seek a joint-venture solution with British partner.

Thomson-CSF already La refusal rights on 11 50 per cent it does all already the profitable Ferranti-Thomson Systems UK joint venture, which is by le receivership. is believed to be close to a deal in and the additional share-

holding on in GEC. the MoD which wants to see 50 per mail British alam maintalam in The joint venture numpin since II regards ment technology in translal in national security. It would lead to new European

seek permission with the peo-

these years?"

posed any threat

mainland Europe.

remained difficult.

tional values.

ple who have supported you all

Mr Watson said advance per-

mission been sought because of possible adverse of possible adverse of price, "con-

tinuing evolution" of

On NFC's trading, M. Peter

Sherlock, chief executive, said

there encouraging evi-

dence of ■ steady if unspecta-

Share price (AS

1991

and 11995.

(Pearson, publisher of the Financial

superhighway" field - has eased off

"I don't think is subject

has gone away," "but it's a question of how to it it." Murdoch watcher III Terry Povey

contribution III News Corp this year

of IVII Securities is predicting

Retailing again main

engine of growth

For III first time BAA, III airports

operator, is in report quarterly results. Tomorrow it in to release figures for the first nine months of the interest to

Analysts we shy of forecasting for

the third quarter, but anticipate that full-year profits will fall between £312m

and £35m.

Again the main engine of growth

expected the retailing side,

though improved productivity and

cost-cutting throughout III will

have their impact.

Watchers will awaiting the group

reaction III La government's III for

a probe into we economic regulation

by the Civil Aviation Authority and the Monopolies and Mergers

airports - currently overseen

a move into In "electronic

an interest in BSkyB).

Meanwhile, gossip Murdoch's joint plans – said in involve

in in wake M III "super share" plan's

few analysts think News' interest

Banesto rescue plan agreed

By Tom Surns in Markin

Banco Bilbao Vizcaya (UUV) Banco Santander have emerged contenders to control Banesto, the Spanish banking group in which lies authorities imposed a www management last month, according plan agreed by the Spain spain provisionally the Deposit Guarantee (FGD), middle is fine Ban-

esto's chief shareholder by

underwriting m Pta180bn

(\$1.2bn) capital increase for the end of will publicly equity and the share will be constructed to allow a domestic institution to become Banesto's dominant

Monday January 31 1994

BBV and Santander are singled mi by analysts as the only possible strategic buyers of Banesto stock domestic institutions. in line officially declared an interest but both we understood L have spent !

matically in size prior to the FGD's capital increase. The bank will allocate all its

Pta244bn to provisions, raise additional Pta49bn manufing in financing requirement by reducing Lipar white of its light day Marin Dani Parilli in Parilli ned with down com dies a mall, limen me north ment me material in provide Pta320bn towards the finally agreed figure III Pta605bn III restore

Spain will jointly, and on an equal basis, provide acquisition by outstanding non-performing Banto provision.

Mr La Angel Rojo, gover-"Banesto will im profitable in him the end of the year and I hope there not in an arrights. The governor, who removed

likewith's hard on Describe originally all Brown MI overvalued its assets by agement subsequently put less shortfall in the before reducing it

If the plan agreed, the FDG will own some The seal of Second a equity. The subsequent auction, which could take place 🖪 July, 📗 likely to remain a line il shares representing between 20 and 30 pr cent of the Banesto's share capital for a domestic institution.

Trading in Banesto shares, uspended hours ahead w bank's intervention last month, is the latest t Wild temorrow.

America's Conti-

ing at a distance to land make

premium, land

America paying only 1.2

for numer 1.5 little book.)

BankAmerica's share price

Friday and make the sunt of

Windows which his bringer

stocks of other acquisitive

US limits of late, brought

by market had they are

being forced 🖿 pay a high

price & pursue their ambi-tions. Also, BankAmerica said

would buy back wow of

own before it cash-and-

shares transaction is

pleted, countering the dilution

iti ile earnings that would oth-

The agreement between the

banks contains a poison

pill arrangement designed in

part of hard takeovers, which

find to be any Mark Ball

ambitions Many Many

expecting it to make a foray

out whome be to buy a

retail bank rather than

porate one. Mr Rosenberg

there are in plans in to take over retail in in imid-west, in build retail busi-ness out of Continental. "It is a

very focused corporate bank," he says. "We certainly M MI

erwise have resulted.

Perhaps for this reason,

Markets this week Starting on 20

MARTIN DICKSON: GLOBAL INVESTOR



tomorrow, the date best and final for the company. What implications in the the global investor?

EDWARD BALLS



long-term challenge of tackling unemploy ment, and creating more high-wage jobs, is not

easily understood, let solved. Finding corporate natura villa persuade workers COLUMN TO THE REAL PROPERTY. longer-term 📉 must 🕒

part of 🕍 solution. Page 20 income fund managers are preparing for bear market as the global bond

rally runs out of steam. Equities: Good news on inflation in the US has brought a

dramatic turnsround in UK

securities and revived hopes

of a base rate cut. Page 23

Emerging markets: The descent of James equity prices, now in fourth of weakness, economic conditions, has the design investor about putting money into equities. 🗀 🖚 21

Crierramiano Currency in the ba meetings to discuss monetary policy. Page 29

STATISTICS

Base lending rates FT-A World Indices FT Guide to Currencies London recent issues London share service Managed fund service ... 25-29 Money markets .. INVIII int bond issues . indices24

January 1994

Richard Waters explains BankAmerica's shift away from its California home

bank's hamma sheet. The pri-

or BankAmerica, the midwest is about to become a second home. Friday's produced of Ma planned \$1.9bn takeover of Chicago-based Continental signals | I had big foray out of orn states of the US. It also signals plan by 🖼 US's 🛌 biggest with the centre of gravity away from California, where it estimated two thirds of its

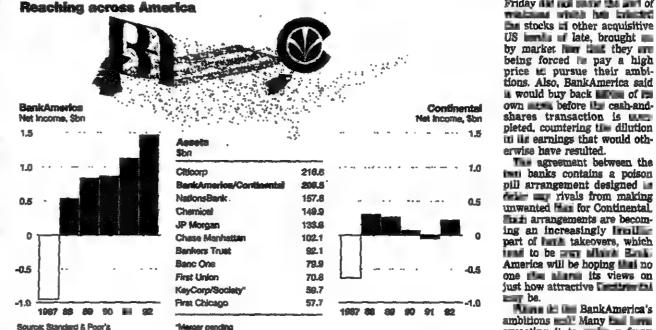
As such, if ii likely iii give a further push in the developmeri of nationwide benking in the US.

Continental is a min tramal in the US. Will many institutowards retail banking, credit cards and consumer finance, where lending margins and fees ur good, Continental has sought to become specialist corporate bank. In this, II resembles its far larger and more powerful New York rivals, JP Morgan and Tallian

With the purchase of Continental, BankAmerica 🖥 buying extensive with nies throughout mation's rustbelt. Mr Richard Rosenberg, BankAmerica's chairsays: "It's still the largest industrial base in **III** US, with a string of good companies." The bank claims the acquisition will give it primary relationships with US companies than any other bank, including Citicorp, the

cular return of growth in US WK, although of in try's largest banking group.
With the takeover, Bank-Overall revenue in the America plans - the group's la Logistics William headquarters of its men US corporate banking operations Chicago, in the process creating a wholesale banking in III weeks since October grown 5 compared with last year. Im grocery giant in the midwest. Mr sector had started well, but industrial sector Rosenberg puts BankAmerica's corporate banking assets at

Westerner takes a shine to the rustbelt



"around three times" Continental's total \$22bn, its income from in at than \$500m.

Despite the size, in new BankAmerica operation have a long way to go to rival banks like Citicorp will JP Morgan in the market for servicing big, internationally active companies. While Continental will bring it experience in trading in foreign exchange, derivatives other derivatives markets, these trading operations are modest com-

pared New York trading banks. Also, Bank-America a weaker internanetwork ilen in rivals: it drew in its horns, along with since then We been by the prolonged slump 💵 its home market in California and lim long and arduous process of digesting Security Pacific, a rival coast limit that II bought two

Apart from the corporate customer base in lim midwest,

the died but saver attractions for BankAmerica. For start, Continental should prove relatively easy to absorb. "It's a much easier transaction than Security Pacific, since it's not based in cost savings," MI W Glossman, analyst Salomon Brothers

- though a premium of around 15 cent on Continental's share price before in announced - looks a bargain for illand

want to diffuse m distract that focus by putting 🔤 bank 🔤 Iso, the purchase price businesses it was designed Nonetheless, a takeover

Continental is unlikely to mark the end of BankAmerica's ambitions.

This week: Company news

NEWS CORPORATION Murdoch revival should be on the bottom line

Many questions have been aired Mr Rupert Murdoch's News Corporation recently; but the delivery of good bottom-line figures for the six months to end-December 💶 Thursday 🔳 💶

in much doubt.

BSkyB, U satellite television
venture likely to brighten the results. in December im satellite company a monthly record by adding subscribers, bringing Intotal around 3.3m. But In newspaper price cutting in the UK, while boosting sales of The Fan and The Times likely around around in the 1994 financial year.

Many analysts think that after-tax News first half-year. abnormals, could nudge above (\$122m), compared with A\$490.11b time. In terms of operating profit, however, progress likely to be less marked

News acrually are a small with here in the three months, with unquarterly figure easing to A\$412.2m from A\$432.5m. Earnings from the newspaper interests affected by the price war in UK, while the smaller magazine and inserts division reported a em cent profits drop.

Analysts say all this situation is unlikely reversed in dramatic fashion during the second quarter. although earnings from the film interests are expected II be strong. indeed, the newspaper division's earnings will be further affected by the sale of a 31.9 per cent interest in South China Morning in October, Macquarie Analysts talks of a very modest for

the balf overall. The boost net profit, say analysts, will from falling interest charges from a rise in associated companies' profits - namely. Airlines, the Australian carrier which News owns jointly with TNT, and BSkyB, News' 50 per cent-owned

OTHER COMPANIES Moment of truth for Euro Disney prospects The Euro Disney will will the in Paris on Wednesday in the

conclusions of the special investigative audit of the troubled leisure group's that they commissioned from Marwick, the accountancy firm. The audit analyses the financial condition of Euro Disney its future prospects the limbs are decide how to proceed in that negotiations in put together an package for II.

The meeting are originally scheduled

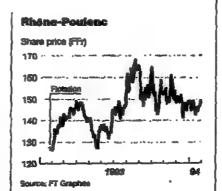
for January 🖀 but was delayed. The their negotiating strategy so that the talks can be concluded by the March II deadline imposed by Disney.

The takeover battle for Paramount

may finally reach a climax today, ill deadline by III company's board for best and final offers from rival bidders QVC Network and Viacom. The two have until 5 pm York time to improve their cash-and-share tender offers, which will then is weighed in by the Paramount board. Investors will have until mid-month in make up their

■ Fiat, Italy's biggest private company. ■■ today reveal preliminary figures pointing ■ ■ of the biggest losses in \$\bigs_95\perion \text{year history.} The information, in a letter to shareholders following a board meeting

today, will offer a further insight into a devastating year for most of Europe's big III manufacturers, which have been by lower demand in most



markets and rising price competition. Though Fiat's full earnings figures and dividend will not be announced until May, the group is expected to provide figures indicating pre-tax more L2,000bn (\$1.17bn) on sales of almost L54,000bn in 1993, excluding disposals.

Rhone Poulenc Borer, the

pharmaceuticals division of Rhône Poulenc, the French chemicals group which was privatised III I end of last year, will today announce its results for last year and its strategy for 1994. RPR achieved a 31 per cent rise in net profits to \$438m in But last year the group was confronted with a more difficult environment as many governments implemented healthcare reforms and measures to limit expenditure on drugs. ■ Arabian Oil, Japan's largest oil group, is scheduled to report its results

today. The company, which produces oil in Saudi Arabia and Kuwait, is expected to report sharply lower profits. thanks to weak domestic demand. The group is investing in China, Vietnam, of Mexico China. -

15

17

Companies in IIII ----LWT (Holdings) CGD Latin American Tet III Nippon Airways Applied Line MFC Arcentaria Flughaven W Sanyo IIII BankAmerica

This appears as a matter of record only



ABC Property Fund Limited

£21,000,000 **Private Equity Placement**

21,000 Units of £1,000 each issued at par. Each Unit comprising 1 ordinary share and 5 redeemable preference shares

> **Fund Manager** ABC Property Fund Management (Guernsey) Limited

ABC International Bank plc

Property Manager Richard Ellis

ABC international in plc is a member of Securities and Futures Authority wholly-ounted subsidiary of Anth Banking Corporation (B.S.C.)



Tring

flotation

go-ahead

By Michael Skapinker

Tring International,

budget price compact company which faces legal

stock market flotation.

action from other music

groups, is expected announce today that it plans

to an ahead with its postponed

A pathfinder prospectus is

morning. Tring expects trad-ing in shares begin

The flotation, originally planned for last month, was postponed because of

By Richard Gourlay, Growing Business Correspondent

Postel, the UK's largest pension fund manager, is for the first time to provide private companies with mezzanine finance in a man that signals that higher proportions **are** likely to begin creeping into the financing

Through the BT and Post Office Pension Schemes, The buying 20 per 🖼 🔝 Intermediate Capital Group, one of the few groups still providing mezzanine finance, 🛚 form of capital that is riskier and higher yielding than bank debt but is not genered as equity.

Many of the institutions that Many the market in the late 1980s and lost substantial sums on deals like the buy-outs of and Magnet, have recently withdrawn. One of the main reasons these that buyers that to inflate the price they could offer by taking that buyers were that to on what proved hi be unmanageable

amounts of debt. Postel has also given ICG £50m to invest alongside its own funds in the European mezzanine market. Together with a £10m injection from another "major UK insurance company", ICG says it will have over £250m to invest over the next three to four

month folded of its investments in private companies into a joint venture with Granville, the private investment bank, signalling a withdrawal from direct management of assets in this

moves are seen as confirmation. that mezzanine finance is likely to increase as management buy-out teams and their financiers seek to raise gearing and therefore, the prices paid to acquire their companies. Increased demand is also expected from companies seeking development funds that the banks

Mr Alastair III Goobey, Postel executive, said material proportion what Im group allocated in unquoted investments was being put in lie mezzanine "there a see in the funds available to unlisted companies between bank borrowings and equity

funds from "capital investors".

Mr Goobey was was "attracted by the high yield and more reliable return that this form of unquoted investment is able to offer.

Postel is understood to be buying 20 per cent of ICG, mainly from Westpac Banking, the Australian group for substantially more than the 19m value of the stake when the group was set up in 1989. Mr Tom Bartlam, managing director of ICG, said mezzanine finance could

increase gearing and therefore helped management buy-out teams pay higher prices. But he did not think there would be a return to the highly leveraged buyouts of the late 1980s.

Applied Distribution to float in March

TARGET

Cleyn & Tinker (Caraca) Carleton Woolen Mills (US)

Case Interniational (US)

Benque Sudemeris (Franca)

Societe Shell du Maroc

ABB Nevsky (JV)

Cotrans (Beiglum)

Applied Distribution, Maiddistribu be growing thirdbution services mainly in manufa ers, plans a stock market flota-

The make through a placing organised by Baring Brothers, mich likely in

Panel demands

from Granada

The Takeover Panel local

Granada Group to publish late

on Prising terland remandant

to statements in its latest mis-

sive in the war www words between itself and LWT (Hold-

for which it has made a hostile bid of about £725m.

In 1993, LWT generated cash

before investments and divi-

dends of £23.8m, rather than

£22.9m as Granada said. So

the conversion of profit before

interest and tax and cash

before investments and irre-

dends was 51, not 49, per cent.

Similarly LWT's net

inflow before investments and

dividends was down www not

28.8, per cent on 1992.

retractions

be brokers issue.
Applied was in the ment buy-out M Come's distribution led by Mr Michael Rowley, who chief marries of the see com-

Man then. He cam has the growing outsourcing trend UK retailers and manufacturers to contract out their warehousing and transport needs to specialist service suppliers. The UK

BHODER/INVESTOR

Allei Textile Service

Northern Electric (UKG/

(UK)

Keller Group (UK)

Bence Commerciale Hallene (Italy)

Shell PULLSHARE

Assa Brown Boveri

Nevalcy Zavod (Rus

(UK)

MCI (US) /Benneci (Mexico)

to have been worth in lim and is rep-THE UK HACTING THE WARREN Applied operates nationally

from five in distributing food other fast-moving sumer goods, near produce, under temperature main customers include J Sainsbury, Nestle, Esso, Somerfield/Gateway

Despite IAI recession. III

SECTOR

Photographic equipment

Oil III. gas

Computer services

Engineering

Weste

group reported increased oper-ating profits of £3.4m (£3.2m) in turnover of (£18.4m). Applied has 🗪 about I in sec the He Will have for and are expected to show continued growth and will be contained in the forthcoming prospectus. The group plans to uses part of the placing proceeds to repay bank and other borrow-

ings, with the balance being used for working capital and

Buying better

technology

Continuing

Tuking 79%

Complementary nurchase

Buving through

Buying out

Buying out-

standing 50%

80/20 turbine

NE secures gas

investment purposes CROSS BORDER M&A DEALS VALUE COMMENT Long distance

£9.2m

26m

n/e

n/e

Latin American 711 aims for £100m

Latin American Investment Trust in March and aims to raise more than £100m for the

The launch will be sponsored by James Capel and the trust, to be targeted at institu-tions and "sophisticated" private investors, will be man-aged by Morgan Grenfell Trust as MG's existing Latin American in which offshore fund.

The trust will be by Mr Alan Nesbit.

Re-energising Magnet Maggie Urry on Berisford's conglomerate plans

Berisford International is quietly confident that this afternoon its share-

holders will give the go-ahead for its proposed reverse takeover of Magnet, the kitchen and joinery manufacturer and

It will be the first step in Berisford's planned transformation into a conglomerate. But now Mr Alan Bowkett, chief executive, has another worry. He fears that some browory, he lears that some ord-hers have been too eager to talk up the group's shares. With Berisford buying £138m of assets for a net £26m it is easy for outsiders to get car-ried away with the deal. The shares were suspended

pany saw as the weakness i just before the of the new issue market. announcement of the deal. They all trading Mr Alan Wheatley, the for ner chairman of venture capitomorrow. Kleinwort Benson the securities house, has rectal group ... min had agreed ommended clients to buy them to Tring's chairman, has withdrawn. up to 240p. A sweep organised chairman is expected to be Mr company and its Tony Morris, a former view advisers for tomorrow's closing price has produced a more caupresident PolyGram Inter-national, the music group. from 131p to 210p, Mr Bowkett has stressed his strategy is a long term one. He

Tring faces legal action from other music groups, including MCA and PolyGram, alleging the difference he plans for Berisford in the 1990s and what the company has their copyright. Last week, Tring agreed pay \$20,000 EMI Music to settle he calls the 1980s style of conglomerates - get the share price up, more deals on the back of a high rating, and use copyright The two actions concerned recordings by Mila Newton-John and of Merger terms put £15m

Puccini's La The Tring pathfinder pro-spectus is expected to say that the outstanding legal actions will have no material impact on its profits, which are expec-ted to be £5.1m for the year to March 21 1904 March 31 1994.

Time for the three-way involving Europa Minerals value the UK-quoted min-

ing manus house at same a Morgan Grenfell is to launch share or 215.4m, according to Samuel Montagu, adviser to Burmine, the Australian gold company making the offer.

III M one stage III Friday after the news and ended the day at 54p, up 12p. Burmine is offering one of its shares for every two Europa ordinary and at the same time, Australian Gold, an Australian exploration company, valuing

A\$15.5m (£7.4m). Europa owning 52.5 per cent of the company

By Kenneth Gooding, Mining Correspondent

acquisition accounting to make them look good. In the 1990s, he says, conglomerates will not have asset

price inflation and acquisition accounting to bale them out.
Instead Berisiord and its like will have ■ rely on "real things" such as consistent unit reduction and differentiation through quality.

Berisford, he says, will aim to take the best of Anglo-Saxon commercial attitudes and Japanese attention to detail and quality and apply them to basic industries. In the short term he lists

three priorities. Bedding down Magnet is the first, with the continuing liquidation of the old Berisford assets – which might yield £30m in calendar 1994 - a close second. Then he wants to start the search for a US acquisition which he reckons will take a year.

As for Magnet, Mr Bowkett has detailed plans for the busi-ness which have been devel-oped over the last few months of due diligence investigations. This work has identified a number of areas where costs can be cut. For instance, Magnet's division of the business into trade and retail has produced two buying departme purchasing the same goods from the same suppliers. Put the two together and there

tion to accept the Burmine bid. Europa's independent direc-

tors, owning per ent, recommend the offer and have irre-vocably undertaken to accept

However, the three-way

merger is challenged by an

offer for Burmine by Mount

Edon, another Australian mid

producer. Hearings by the Austrelian into tellin

cal challenges made by the companies are due to be heard

on February 7 and 8 and Bur-

mine cannot move ahead with

the time deal until then.
The situation is made more

complex feedless Mount Edon

owns 22.6 per cent of Burmine

and 19.9 and of Europa. Europa owns are per cent of

Burmine and Amount total

19.8 per cent of Europa.

should be cost savings and perhans larger discounts. Another aim is to take advantage of the strong opera-tional gearing of the business so that even without any recovery in its markets, sales and profits can be expanded by, for example, the introduc-

tion of new products.

Magnet has segregated the trade customer from the retail Mr Bowkett says, to the detriment of sales. Different kitchen ranges aimed at the two types of buyer has caused confusion. All that Mr Bowkett asks is that shareholders be prepared to take a medium-term view rather than look for a quick return. If Magnet deal completes in March he thinks it will take until September, Berisford's financial to start seeing an improve-ment. The clock starts ticking

1994-95 results. See Observer

on October 1, he says, and he

willing to be judged on the

Wells Fargo 🎩 Company US\$200.000.000 Floating rate subordinated

2000 The notes will bear interest at 5.25% per annum for the interest period 31 January 1994 to 28 February 1994. Interest payable on 28 Februar 1994 will account to per US\$ 10,000 and US\$204.15 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

National Australia Bank Limited US\$100.000.000

Floating rate notes due Notice is hereby given that the rate of interest relating to the above issue has been fixed at 3.65625 per cent for the period 31 January 1994 to 29 July 1994, Interest payable on 29 July 1994 per nots will be

Agent: Morgan Guaranty Trust Company **JPMorgan**

European Investment

Floating in the due

Mouse is hereby given that the notes will bear interest at 5%

per annum from 31 January 1994 to 29 July 1994. Interest payable on 29 July 1994 will

amount to WELLEY per

Agent: Morgan Guaranty Trust Company

US\$5,000 note and US\$2,486.11 per US\$100,000

JPMorgan

U\$\$250,000,000

January 2003

Kingdom and Republic of Incland Limited ("the London Stock Eschange"). does not constitute in Inclination to any person M subseths for a practice states. Application has been made to the Landon Stock Dechange for the gran of permission—deal in the whole of the ordinary state capital of Computerised Pinancial Solutions pla ("the Company"), in the United Scinitics Market, It was emphasised that no application has been made for these securities—the admitted to listing, Dealings on expected——in the Ordinary shares on 3 February 1994.



COMPUTERISED FINANCIAL SOLUTIONS PLC

Oncorporated in England and Woles under the Companies Acts 1985 🚾 1989, Regioned Number 2869895)

PLACING BY

Wise Speke Limited of 1,588,000 ordinary and of 10p each at 90p per

Share Capital (following the Plane)

Authorised

625,000 ordinary shares of 10p each

Issued and fully paid Number 4,700,000 470,000

6,250,000 The Company is a holding company with subsidiaries in the United Kingdom, France, Belgium, Canada and the United States of America. The Group provides specialised computer support and administrative services to and manufacturers in the management of inventory and manufacturers in the management of inventory and management

Copies of the USM Particulars relating 🖿 🖿 Company may be obtained during normal office bours up 🖿 and

Wise Speke Corporate Finance a dicroom of Wise Speke I united ■ King Street Manchester M60 2EP

Number

Fetter Lane ECHA IJP

and at the registered office of the Company, which at CIS House, Inter Estate, Wade Road, Basingstoke, Hampshire, RG24 8NE and by collection only, for 48 hours from the date of this notice, from the Company Announcements Office at the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London, EC2N 1HP.

U.S. \$300,000,000 Canadian Imperial Bank of Commerce (A Canadian Tarana

Floating Rate Debenture Notes due 2084 Notice is hereby given that for the six months interest period from January 31, 1994 to July 29, 1994 the Debenture Notes will carry an Interest rate of 3,8975% per armum. The Interest payable on the payment date, July 29, 1994 against Coupon No. III.

U.S. 10,000 U.S. 10,000 U.S.

By: The Chase Manhettan Bank, N.A. January 31, 1994



BANQUE NATIONALE DE PARIS USD 250,000,000 - floating rate due 1997 applicable interest rate for the interest

period from 25.01.94 up 26.04.94 m determined by the is is 3.50 per cent per annum, namely USD 875,00 per bond USD 100,000.

ECU 200.000.000 Kingdom Belgium Floating Rate due 2000

to April 29, 1994 the Notes will emry an interest rate of 65% per annum with an interest amount of ECU 1,873.61 per ECU 100,000 Note. relevant interest payment date will be April 29.

Agent Banks Rette Paribes Luxes Société Anonym



Beigravia London SW1X SHL

SIEMENS

Annual Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual shareholders' meeting of Slemens AG will be held on March 10, 1994 at 10.00 a.m. in the Olympiahaile of the Olympiapark, Coubertinplatz, 80809 München, Republic of Germany and will consider the following agenda:

Submission of the financial statements for the fiscal year ended September 30, 1993, the Managing Board's general review, the report of the Supervisory Board, the Managing Board's proposal for the appropriation is income, well as the infrancial statements for the fiscal year anded September 30, 1993, and the associated consolidated general review. These documents may be inspected at the cashler's offices of the Company or designated

2. Resolution on the appropriation of net income.

3. Ratification of the acts of the Managing Board.

the Supervisory Board.

5. Appointment of auditors for the fiscal year 1993/94. 6. Approval of control and profit transfer-agreement.

As far as item 2 of the Agenda is concerned, the Supervisory and the Managing Board propose that the net income of DM 727.662.767 be used to pay out a dividend of DM 13 per share DM 50 par value and that the dividend amount attributable to treasury stock be carried forward.

Pursuant to §19 of the Company's Articles of Association, an owner of Company shares is entitled at alterid and vote at the meeting, provided that he has deposited such shares with a depository not later than March 3, 1994 and that the shares remain blocked until the end of this shareholders' meeting. The depositary in the United Kingdom is:

S.G. Warburg & Co. Ltd., 2 Finsbury Avenue, EC2M 2PA.

The notice of invitation including the full wording of the agenda and - in due course - our English annual report can be obtained from our depositary bank.

The complete wording of the Invitation has been published in the German Federal Gazette
"Bundesanzeiger" 11 dated January 27, 1994.

Berlin 🔤 Munich, in January 1994

Siemens Aktiengesellschaft The Managing

Notice of Early Redemption

State Bank of South Australia Yen 60,000,000,000 51/4 per cent. Guaranteed Notes due 1999

Notice is hereby given in accordance with Condition 6(8) of the Notes that the Baok has elected to redeem all the outstanding Notes on February 22, 1994 (the "Redemption Date") at par, plus accrued interest, all as more fully provided in the Terms and Conditions applicable to the Notes and the related Paying Agency Agreement. Payment of the Redemption Amount, together with the interest due, will be made in or after the Redemption Date against presentation and surrender of the House at the officer of the House of the Ho periods of the years and 5 years respectively from February 22, 1994 as defined in Condition B of the Notes.

PRINCIPAL PAYING AGENT The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street, London EC2P 2HD **PAYING AGENTS**

Chase Manhattan Bank Luxembourg S.A. 5 Rue Plaetis L-2338 Luxembourg-Grund

Chase Manhatten Bank (Switzerland) 63 Rue du Rhône CH-1204 Geneva Banque Bruxelles Lambert S.A. 24 I. July 18 B-1050 Brussels

By: The Chase Manhattan Bank, N.A. London, Principal Paying Agent January 31, 1994

CHASE

National Bank Of Hungary U.S. \$100.000.000

tag on Europa Minerals

Floating Rate Notes due 2000 Pursuant to Note conditions, notice is hereby given that for the period 31st January, to the July, 1 11 (179 days), in

> 15 YEAR LONG-TERM NOTES (Cospon 5 % (minimum rate condition) Amount per coupon: 111 3 YEAR SHORT-TERM NOTES (Variable Cordon Numbers)
> Rate not applied at present



The Long-Term Credit Bank of Japan, Limited London Branch

Agent Bank

CITICORP •

U.S.\$350,000,000 Subardinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes; and that the Interest poyable on the relevant Interest Payment Date February 28, 1994 against Caupon No. 99 in respect of US\$10,000 nominal of the Notes will be US\$38.89 in respect of the Original Notes and US\$39.57 in respect of the Enhancement Notes.

U.S.\$500,000,000 Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 5% and that the Interest payable on the relevant Interest Payment Date February 28, 1994 against Coupan No. 100 in respect of US\$10,000 nominal of the Notes will be US\$38.89. U.S.\$500,000,000

Subordinated Floating Rate Notes Due January 30, 1938
Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment February 28, 1994 against No. 97 in respect of US\$10,000 nominal of the Notes will be Jonuary 31, 1994, Landon
Citioank, N.A. (Issuer Services), Agent Bank CITIBANKO

Daily Gold Fax - free sample



Fi00,000,000

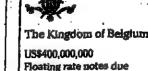
Floating Rate Notes

Dus Jamery 1995

In accordance with the terms and
conditions of the Notes, the interest
rate for the period 28th Jamery, 1994
to 28th April, 1994, has been fixed
to 38th April, 1994, has been fixed
to 5.6875 to per ensum. The Interest
psyable on 28th April, 1994 against
Coupon 3 will be £140.24 per £10,000
normal.

Agent Bank ROYAL BANK OF CANADA we International Finan (Cayman) Limited U.S. \$200,000,000 Subordinated Floating Rate Notes due 2001 Guaranteed on a subordinated basis by The Daiwa Rank, Limited 31st January, 1988 to 29th April, 1994

3.55% per access U.S. 9867.78 The Dalwa Bank, Limited London Branch 35 Agent Bank



1996

in accordance with the ropisions of the notes, notice is hereby given that for the interest period from 31 January interest period from 31 January to 29 July and a rate 3.25% per annum. The interest payable on the relevant ayment date, 29 July 1994 will be US\$4,039.93 per US\$250,000

Agent: Morgan Guaranty Trust Company **JPMorgan**



Republic m Italy ECU1,000,000,000 Floating rate notes due 2005

Notice is hereby given that the notes will bear interest at 6.33333% per armum from 31 January 1994 to 29 April 1994. Interest payable on 29 April 1994 will amount to ECU77.41 per ECU5,000 nate and ECU774.07 per ECU50,000 note and ECUI,548.15 per

Agent: Morgan Guaranty Trust Company

JPMorgan

ECU100,000 more.



COMPANIES AND FINANCE

IMI share issue priced at top end of expectations

The Treasury has responded to the growing infidence in its privatisation drive by pricing shares in Late tuto Mobiliare (IMI), the sell-off, in the top

end of expectations.
in IMI, the big finangroup which today, will be priced at each, close to list top the L11,000 will raise L2,180bn (\$1,29bn).

The pricing alongside new rules from the cabinet limiting the role of shareholder pacts in privatisation Such pacts, which are monplace in big Italian nies, all small groups of shareholders their holdings and control without necessarily owning than 50 me a com-

The IMI pricing represents n discount of 6.07 per cent on the company's net worth, much tighter than un discount of about 10 month.

The smaller discount on IMI reflects the Treasury's growing confidence in the issue, in spita of lie being the biggest initial public equity offering in Italy. The optimism

strong the land foreign institutions, which will be allocated half the 200m shares on offer. Soundings by 116 Warburg, III UK merchant bank co-ordinating the global tranche, have indicated foreign buyers were willing take at least three the the allo-

Analysts expect the Treasury allocate an additional tranche of transfer 19m shares, normally market stabilisation If these are sold, the sold in IMI will drop about 27 per cent from war 60 per present.

The Treasury In the overits initial in the state of the investors, who been alloshares. The lavish advertising campaign and the bandwagon when if the Credito Italiano have trigsmall investors, the generally upbeat sentiment on the line

The privatisation campaign will gather month with the of remaining public in Ilina Commerciale Editors

It was partly with in IE mind the black new rules = share holder pacts. Although the details remain unclear, the regulations call for greater information the membership and named of such pacts in privatisation issues. Meaning could be a launch full for outstanding shares if they in concert acquiring and and privatisation.

Argentaria net profits up 12% to Pta75bn

By Tom Burns in Madrid

Argentaria. partially-privatised Spanish state banking corporation. its 🔣 consolidated net profits by 12 per
Pta75.4bn lincome
strongly income
during last year's currency turmoil and strict control.
The gain was ahead of successful domestic

reflected Argentar ia's lowered in fall-ing interest rates, which have squeezed margins among its rivals. With only 38 per cent of liabilities in deposits, against a domestic sector avercent, Argentaria most d its funds from the market and III balance sheet in affected by lend-

The banking group's net interest increased by a more maket in per cent Pta256bn, in line with that is more profitable Spanish banks. It raised its commisby 17 per cent to Pta54bn, reduced M operating per cent la ing profit by 18.9 per cent to Ptal44bn.

 Callai Canal de Depositos Duth, Portugal's Hale-water savings bank and largest financial institution, regisnet profits in 122 to Es41,3bn Market Net amen's grew III per and la Es4,373bu, writes

Aetna Life to shed 10% of its workforce almost www jobs over the last

By Richard Tomkins in New York

Aetna Life 🖺 Casualty, one 🚅 the biggest III insurance panies, is to drop two ance products and shed 1000 jobs - 10 per cent of its workforce - at a cost of \$1bn to after-tax earnings in the

just ended. The measures are the in a wow of actions that already resulted in the im of

three profits.

The businesses being dropped, written through Aetna Im Insurance, involve sale of guaranteed investment mathema and stage premium annuities M companies and other large sponsors of

Both of the products guaranteed returns III invesregardless of Un performance of the underlying

Aetna, following ■ trend ■ other insurance said that it was dropping the products because they were capital intensive and unprofita-

At the set of Lau, the had \$14.7bn II assets under management attributable to the products, which \$6bn wie invested in commercial mortgages and mal management

Aetna plans to continue to expand its remaining accumulation husinesses company said, including individual and group variable annuities for small and not-forprofit manner and we proinvestment management

The 4,000 job cuts will spread across the group's businesses with the aim in cutting The man follows a reor-

for its larger

ganisation in www which resulted in Aetna's splitting its three large divisions into ■ smaller profit centres so that um performance of each busiunit could more closely

monitored. charges for the meaits 1993 results, which ruary 9, and the operating profit of slightly more than

Semiconductor sales lift Texas Instrument

By Louise

Texas Instruments. In III semiconductor and manufacturer, reported strong fourth-quarter results in an in the company's history.

Growth in semiconductor drove navagua for fourth quarter up 19 📉 🖦 to \$2.4bn hum \$2.0bn in same period 🔤 year. 🔤 income was \$134m, ur \$1.42 a share, compared with \$78m. 80 cents. In the land quarter

Profit from operations increased 75 per 📶 🖿 \$198m \$113m in the period The increase reflects improved results from semiconductor operations an in patent royalties, which rose in the from which in the period has year. Fourth-quarter results for

1993 included an accrual of \$31m for employee profit shar-

Papua Guinea

ing and pre-tax charge of \$23m with in the immediation of TI's consumer and peripheral products businesses.
For the full TT's nues rose \$7.4bn in Essentially all in semiconductor revenues, the company said. ful income for III was \$472m, or man per share compared with per share in Profits from

from \$420m in Revenues components, bulk of which we semiconductor devices, man M per mid Main for the sea from \$4.0bn in 1992. About 100 semiconductor revenues from "Illamorated products". TI said, reflecting the ny's strategy 🐱 diversify beyond L strong position in

operations 118 118 114 III

Royalty for the rose 88 we sent to finite inim mum in late.

the mem for mem

ory chins.

become the largest pic mine artists limits Africa. Goodyear sees

higher profits Goodyear. We US tyre manufacturer, expects to report mut income before extraordinary Austral of Marry to system or \$3.30 **■** \$3.35 **■** share, for **I** one-third higher than in

1992, Writes Martin Dickson. The which will not report its harming land Provide ary 9, but the mounts some \$15m, or 10 cents a share, if non-recurring gains asset

Downturn at Sanyo Electric

Buoyant Male III Mareles and semiconductors will not enough to support better results Sanyo Electric, which reported a 44 per decline in pre-tax profits for the rest to November Pre-tax profits from Y10.69bn

in 🖭 previous year, 🖃 🚞 dividend is being cut to Y5 from Y6.50 per share. Sales dropped 6 per to Y1,020bn and the Y4.07bn, compared Y5.77bn. The company's performance

adversely and by last year's sharp rise in with which, combined with depressed domestic demand, put put both it ome and Demand for audio-visual

products, new u colour TVs. particularly can-Illi it was the sti by Japanese companies remained stagnant. Amid the prolonged running de in Japan, prices of the collapsed, with heavy dis-

models but also in limes recently introduced: In addition, Sanyo's business in Japan was last year hurt by summer, while HI demand lor

air conditioners. In contrast 😆 🕍 decline in audio-visual and electronic product sales, the company saw firm demand for semicon-

and his in On basis, sales fell by marginal 0.7 per to Y1,530bn Y1,540bn but pre-tax profits rose nearly 4562m.

ANA mission looks for links with BA

Paul Abrahams on Japan's second airline's search for increased volume

team from All Nippon Airways, Japan's Airways, Japan's largest carrier, Tokyo today for London. Its immediate mission to negotiate an agreement In allow Mairlines's participate in British Airways' frequent flyer programme.

But was bigger ambltions. The also under sibility of marketing with BA that will help collapse m demand by Japan's small postwar recession

The airline, the world's eighth biggest - larger than M in terms in numbers - urgently needs to improve loads in interna-flights, particularly from Europe and III II III Japan.

The carrier's management strategic marketing with M could be the answer. Mr Yuzuru Masumoto, senior vice-president legal affairs, were the two riches could negotiate code sharing agreements, well as exchange 🗐 data, engineering

The depth of Japanese recession has taken ANA by surprise. The percentage of available in filled on in the tic flights dropped from 71.3 per cent in the limit year March Me to 62.2 per during Sep-tember 1993. The airline's has been by increasing deregulation allowing greater competition from Japan Airlines (JAL).

Meanwhile, the group's international strategy is faltering. ANA's heady expansion during the late 1980s and early 1990s has come to a halt. Loading international make fallen from 11 per 11 in 1992-93 lib per cent in the see months September and expects no during the

The fall in volumes exacerbated by change in mix. Mr Manager of the number of passengers in Ima and busifallen by a third

since the early ANA, unlike its rival JAL. still in profit, and management admits its post-tax results have like into the during the six months ... September if ... had not changed its depreciation policy, by extending the assumed life of its aircraft from 10 to 13

R etrenchment is now order of the day. ing up a new five-year plan which should be ready within month and in time I me lower growth expectations.

ANA's management cost-cutting can only so far. What III company needs than anything in improve passenger volumes and upgrade its mix. Hence the approach BA.

But although ANA is clearly keen, IIA management, conby writer in similar agreements weekly, remains 🕟 be convinced.

NEWS DIGEST

Vienna seeks airport deal in Bratislava

Flughaven Wien, I Vienna airport (VA), is with the Slovak government take 📰 per 📟 in Bratislava airport, Patrick Blum.

Take but the large Austrian governments the project first Bratislava airport

per a joint venture M per

Notice is nareby

cent much by VA, which would invest some Sch200m (\$17m) to help makerales like airport, bring know-how, and provide training.

has capacity
Vienna, with 7.1m growing
demand, will be capacity by the said of the century. The airports are drive apart.

Strong start by Perstorp

CREDIT LOCAL DE FRANCE FRF 550,000,000 CAC 40 INDEX-LINKED ZERO COUPON

BONDS DUE 2000

Notice is hereby given to the Bondholders that, pursuant m the Terms and Conditions of the

Bonds, Condition 4. "Redemption and Purchase" (C) "Redemption Amount",
"M2" (term of we formula for calculation of the Redemption Amount payable per bond mi February 4, 2000 and of the Early Redemption Amount, as the case may be) III equal III 0.2418 in accordance with wie following formula:

 $M2 = \frac{CAC 2 - CAC 1}{CAC 1}$

where "CAC 1" = 1,841.44 and "CAC 2" on January 3, 1994 = 2,286.75

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NOTES DUE TO 2 1996

Is hereby given that the first of interest has at an and that the payable of the relevant interest Payment April 29, U. a ggur. Lepon No. 38 in US\$10,000 naminal of the Notes will be US\$128.33.

January 31, 1994, Landon By: Chibant, N.A. (Issuer Services), Agent Bank

Perstorp, Il Swedish cialty and plastics manufacturer, more than doubled profits after financial items in the first marthi December IIII II SCOTIS compared with in the same period in IIII.

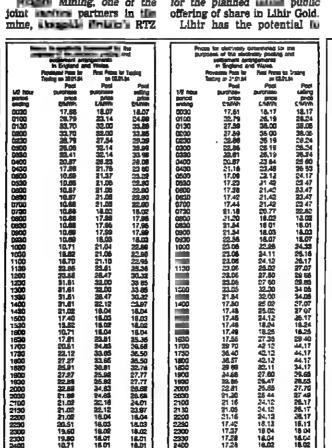
Funding for PNG gold mine

Efforts III rate III III funding for the large Libir gold mine project in Papua 🔤 Guinea expected to under you in the west couple weeks, writes Nikki Tait. Mining, one of the

Pool selling price transe 18.07 24.99

government. III an information memorandum would 🜬 circulated early in February III mornational banks. The banking memorandum follows preparation of a

Gold, the corporate entity will eventually own un project. The development of the mine, put at US\$610m, is expected in w covered by the raising of equity debt funds, and JB Were, Manager tralian stockbroking firm, has been appointed as in the line. for the planned will public



33,70 32,75 32,75 30,97 30,97 30,97 30,97 30,97 30,97 30,97 31,97 22.85 22.95 22.04 (1.57 mm) (1.50 mm)

LOW COST 081-944 mm SHARE DEALING SERVICE OT <u>MARKAIN,</u> 012 MORT MORENME 1997 YAY OO <u>MARKAIN</u> PRADI

U.S. \$100,000,000 Aliled Irish Pic Subordinated Primary Capital Perpetual Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given, that ur the three months interest Period from January 31, 1994 to April 29, 1994 the Notes will carry en firmers. Rate of 3.75% per annum. The loserest payable on the relevant interest payment date April 29, 1994 against Coupon No. 35 will be U.S. \$91.67 and U.S. \$2,291.67 er spectively for Notes in denominations of U.S. \$10,000 and U.S. \$250,000. The sum of U.S. \$31.67 will be payable per U.S. \$10,000 principal stream of U.S. \$31.67 will be payable per U.S. \$10,000 principal stream of Heightered Notes. <u>۾</u> enuary 31, 1994

Pleating du Nord For the period from January 31, and April 29, 1994 the Notes will carry

CITIBANCO

AIP FINANCE N.V. US GUARANTEED RATE NOTES 1994 The interest rate applicable to the above Notes in respect of the interest period commencing 31st January 1994 will be 5x% per annum. The interest amounting to US 5136, 74 per US 55 000 principal amount of the Notes will be paid on 29th July 1994 against presentation of Coupon No. 14.

BANK LEUM! (UK) Pic. Principal Paying Agent

bank leumi אובעק לאנטי 📗



Instituto de Crédito Oficial

Yen 20,000,000,000 Statutorily Guaranteed Floating Rate Notes 1111 2000

For the period from January 31, 1 August 1. To coupon amount pertaining in and it is of Val 100,000,000 m period will Yen 1,495,690 and will im payable on August 1,

The Industrial Bank of Japan, Limited, Tokyo Agent Bank



EXPLOITATIEMAATSCHAPPIJ WIJKERTUNNEL C.V.

Amsterdam, The Netherlands

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Ageni

ING BANK

January 1994

The Markets

Global Investor / Martin Dickson in New York

The last picture show, perhaps



A grim-faced, soothsaver tramps through the streets of Her York holding aloft a placard declaring L "the end of the

into of Paris war II near." The cartoon, published in New Yorker magazine, sums up both Wall weariness with **lin** five-month-old battle entertainment group Paramount Communications, gloomy expectation that will turn it is be

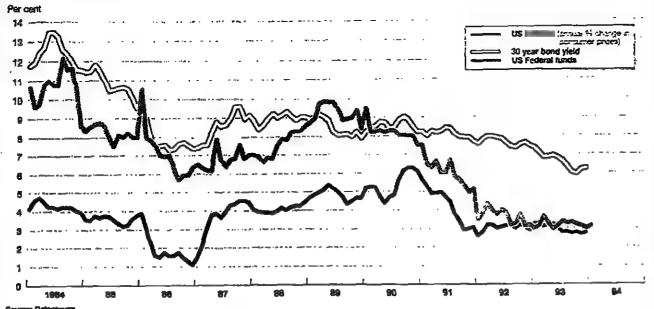
Over the past the market has hammered of each of the QVC Minute - when they appeared to be the likely vic-tor, and analysts expect the when accentuated

What such is an early as falls week. The Paramount board line for and and offers, and L mile warning Lie week and he beyond February 1 ground rules II has III IMM Shareholders will have will a middle month make their

However, since the board has a duty to get the best value for 🗀 – and may 🕒 could find it hard to ignore higher who had after the auction gavel has supposedly dropped for the third

The minners diares are expected in drop in part because much of homeone stock is now in the part of Street arbitrageurs, rather than long-term investors, and they will be keen to liquidate quickly the arklings in the pickets much which they marked in part-pay-

US rates over 10 years



for their Paramount

At Manual time, whichever manual will will debt in order to pay very high price than 17.5 operating cash in April and price earnings multiple of www W for **I** lucklustre profits record, forecast w produce flat earnings

Says Wall grossly underestimating the growth potential of III merger with Paramount, and the simultaneous takeover it 💵 planning 👊 video retailer Blockbuster Inc.

company certainly an impressive record in the creation of television programming. But Paranamus core business is its film studio, and the track record of QVC's Barry Diller. one in the most Hollywind figures of the past two

decades, suggests he likely to make this likely to make this likely

Disney

Whatever the outcome, the Paramount Man are gambling that entertainment software ____ and televiwill have a high scarcity value in lim brave world of inter-active, multicommunications, which promises to bring ■ host of ■ ■ television-based services into home, ranging from shopping wideo telephony.

No use really knows how much of this musuum will in willing to pay for, or when, and brune we going in war and lost finding out.

But a lair bet that and TV shows which can be summoned me summoned by the ilica of a manetic control butwill be among the popular offerings. With Farantana aleas to

its independence, the only remaining large, quoted and fairly "pure" film business is Walt Disney, which lost week produced a remarkably strong 🔳 of first quarter figures, with me income rising 34 per Mary S268.6m.

Disney shares have been M back by the crists at its III cent-owned associate, Euro Disney, which is crippled with and is about to start negotlations with its banks over an emergency refinancing. Last week's figures excluded

Euro Disney losses because Walt Disney has written its investment down to zero. But the Euro Disney crisis will eventually pass. In it through debt restructuring or closure, and in recent emergence of a secondary market | Euro Disney debt | one positive straw

Indian <aga. Euro Disney aside, the basic Jessica Reif, of Oppenheimer fundamentals at Walt & Co, who has been man of the most bullish Wall Snee ana-Disney look strong, a fact which may have escaped Eurolysts I Disney and thinks the

over the 12 months, 111 the ____ of the Jungle Book underlines = unique feature about the company. Disney 📨 "re-release each

stock could rise III per cent

animated film every seven 🔳 ten years and do as well or better than the original That in not true live action films, and makes library the mad valuable in Hollywood on a per-title basis.

The Fed's dilemma

The III Federal Reserve's policy-making Open Land Com-will meet on Thursday and Friday of this week In address the question upperand in the mind of the global financial community: will III Fed tighten monetary policy, implementing in first US interest rate increase in five years?

Hill Will Street analysts expect im central bank in nudge rates higher - possibly taking the funds are from 3 per cent to 3.25 per cent -over the last the months, to nip incipient in line in line bud and munite the bond market in the 🕼 economy's

Yet moment inflation does not man a problem, [24] Friday's figures for fourth quarter GDP - showing the economy growing at an annual rate of 5.9 per tant - also con-tained good inflation news. The implicit GDP deflator. broad manufactor of price changes and IHIL = buying patterns, men just 1.3 per imil in the quarter, compared to INF 3 per cent forecast by some

The fourth quarter growth rate was made by special faccartoon pipeline, with the release in the US next summer tors and Wall Street in expectof Loop King, on African wildlife tale with music by Elton ing a sharp drup in the limit John, followed next Christmas time nation of this year, parby Pocahonias, an American ticularly in view of anima and or storms in the Can and Can earthquake 🐚 Los Angeles (though some economists u re the quake could 🖛 a net plus for growth, given

investing for the future

Total return in local currency to 27/1/94

	us US	JECOS.	General	Proces	Rely	tak,
<u> </u>						-
Cash		• .				-
Week	0.06	0.04	0.12	0.13		0.10
Month	0.27	0.00	0.55	0.58	0.71	0.45
Year		3.34		2.69	11.04	5.64
Bonds 3-6	yeer					1 2 2
Week	0.07	-0.12	-0.04	-0.01	0.00	-0.18
Month	0.74	Walter	0.16	0 24	9.19	Q 排
Year	100	8.38	11.98	17.12	25.30	11,87
3ands 7-10	yeer			**		
17110	0.12	-0.99	0.26	-0.41	0.18	0.74
Month	0.77	100	-0.31	0.11	0.49	-0.29
Year	100	10.13	18.13	21.96	35.53	19.25
Equities		,		' '. '		8 /8
Week	-0.3	-13.8	0.1	1.0	3.8	-6.9
Month	0.7	8.9	6.3	1.8	2.9	2.2
Year .	10.4	29.2	36.6	37.8	39.7	28.4

	Close	Week	Mousy r duable "	Post
Jennings Group (Aus)	0.30	45.5	45.6	300.0
Ferruzzi Fin. (Na)	728.00	35.3	52.4	Q.5
Air Genede Inc. (Can) Radiotechnique (Fra):	6.50	182	32.7	179.0
Hutvudstaden A (Swe)	68.00	17.2	63.8	147.0
tecki & Co. (Jap)	309.0	18.6	63.8	37.0
Folder (Neth)	21,20	16.5	15.4	79.4
Feruzzi Finenz (Ita)	1,520.00	16.3		42.3
Chiquita Brands (USA)	15.50	18.9	47.8	40
Salfa A (Ita)	4,900.00	18.7	30.6	
Source: Cash & Boncia - Letting The FT-Apparies World Indices		d by The Fe	5 (648) 248 (848)	1

the construction spending it

trigger).
The Wall have concensus for 1994 as a whole is growth of a little own 3 per mm. This FOMC, in this week's first meeting of the per, will be in with the will be in the will be in the outlook for 1994, m well as setting monetory growth targets.

January's employment report, due wil on Friday morning. which is expected in show a gradually expanding labour market, though the picture be distorted by seasonal factors and program in the ing methodol

the minimizer faces a dilectrics. It people to first

before inflation becomes an evident problem, because by then a price spiral will be embedded in the system and the harsh medicine nec to stop it would severely unes

On the other hand, last meek's bond market rully indicases that Wall Street remains relaxed about inflation, while an early rise in rates would be politically unpopular (particu-larly against a background of natural disasters) at a time

when Congress is threatening to curb the Fed's freedom. In a week when the US is basking in the best of all possible Pangiossian worlds solid growth and low inflation - the Fed would be brave indeed to brook the spell.

November 1993

This announcement appears as a mumus of record only

OSTATOIL

Den norske stats oljeselskap a.s

U.S.\$1,000,000,000 **Multicurrency Revolving Credit and Swingline Facility**

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Swiss Bank Corporation

Economic Eye / Edward Balls

Financing the upgrade to a high-wage-growth economy



Co-operation and Development is not known for ill publicity-seek-ing ways. Strong titles, racy language, bold conclusions - want of these in house-style

Industrialised countries' had think
Yet, despite usual diplomatic language preshines through I OECD's report on employment and imemployment. The study, currently circulating among

pean investors, perhaps enjoying a touch of schadenfreude at

America's most powerful pur-

veyor of popular culture foul-

ing up in the old world. Walt

Disney's American theme park

business may be growing only

modestly, but its film division

produced a 45 per cent surge in

first quarter operating profits

to \$340m, thanks largely to two animated films: Aladdin, which

was released in video form in

the US market and in cinemas

internationally; and the Jungle

Book, an older Disney title

which was released interna-

There is plenty more in the

tionally in sides.

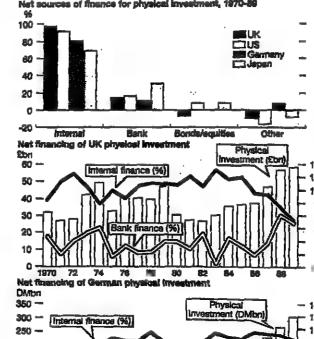
member governments, criti-cises continental European governments for their poor records if job creation and high long-term unemployment.
But I not believe
that the deregulated
Anglo-American labour marhalf om the course. Fine from it. The collapse in

demand for unskilled work-

in developed economies,

report is serious problem "regardless of Laform it takes - low paid, low quality jobs overt unemployment". Less regulation may ductivity employment. But of America's hireand-fire labour many - rising were inequality and inwork poverty as well as male inactivity - - economically socially dangerous as the long-term unemployment they are supposed in avoid. The only sustainable, and affordable, solution if io revue 🕮 dwindling ability 🕍 most developed program with 📖 exception 📶 Japan and perhaps western Germany - to create high-wage, highskill jobs and equip poorly Mr cated make in compete in

What II OECD Inot willing 🖪 do, however, 🕍 to 📠 whether the free market polipursued by W UK government or deeply embedded in the immuni d his Assertion economy and explain why they have comparatively low levels investment in physical and human capital. Lest year's OECD Employment Outlook, for example, published research which finds a strong link between security of employment tenure and the



Willingness of both workers and many in invest in training. But, while the report makes many sufficient of education and removing obstacles to job creation, il not tackle il question if whether hadh hiring and firing necessarily undermines long-term relationships thus in skills. Again, with a mer nod in an

Anglo-American direction, III report that "invest-ment levels are to low in many countries in prothe capital stock necesto generate sufficient numbers of high-productivity jobs." But perhaps the low lev-in winvestment in the UK are linked in the structure of Anglo-American financial systems, and the fluid relationships between managers, shareholders, banks and other stakeholders that they encourage. The OECD's desire W duck these issues is understandable · international comparisons financial systems are fraught

with difficulties. Identifying differences in corporate gover-nance country is paratively easy: US UK companies have few intercorporate bank equity holdings, while Im takeover threat means incumbent focus m short-term results; German and Japanese are wulnerable takeovers of shareholdings while managenum decisions are supervised

by committees on which banks
play leading role.

I the standard complaint
from UK companies — that
they do not have the
level innance — their German
or Japanese competitors — to or Japanese competitors - is not borne out by it evidence. Oxford University economists Jenny Corbett and Tim Jenkin. son have identified www.nu sources of funds available for physical investment over the riod 1970-1989 after adjusting im bank deposits and purchases of and equities. Contrary to the conventional

wisdom, their research finds that internally generated profits are by far the main source of funds for investment in all four countries, as the show. US UK companies actually depend on bank finance than German compamarket capital bonds and equities - provides a small and dwindling of finance. For HIUL the development of the takeover market means that equity finance has increasingly become a net

drain on ressures.

financial clearly
to to the thorizons managers managers workers can plan.
UK investment much than in Germany, in part Person of Britain's Person macroeconomic turbulent tory, the chart show. Be UK fluctuates fluctuates markedly, rising increases but then sharply in recessions profitability lending fells Germany, by contrast, the actual proxy shareholders in companies they be seems in much more dependable bank imance. The ability in the and Japanese stakeholders workers, take a longer term view and forgo earnings invest III the future must be part with reason why profand thus investment are consistently higher than in the US = UK. The can blame British managers or workers 🖥 trying to extract as much as possible as Ini as they can from the companies in which they work when the threat of takeover, recession w bank. rupicy remains w immediate?
The OECD wright of course,

to counsel against easy solu-tions to unemployment. The long-term challenge II tackling unemployment, and creating more high-wage lobs, is not easily understood, let alone solved. Andian structures which encourage managers, workers and bankers 🔳 take 🛮 longer-term view he part of that solution.

The OECD's decision not in explore how differences in corpornte governance affect wages, profits and investment leaves gap which needs to be

An image of Japanese caution

Mr Yoki Satani about investment attitudes toward emerging markets and the many manufactor for the foreign stocks division of Nomura Securities will lose his native edly that the general image among his domestic clients is one re caution.

However, months of compelling data and favourable articles, pleading and per-able articles, pleading and per-finally persuaded limits one this U______ cli-ent's to invest a small percent-Hong Last year. This reluctant move ultimately earned the client dividends, and

for Mr Satani. The descent of Japanese equity piece, now languishing in their fourth year of weakness, and bad economic conditions, made dans extremely cautious putting money into equi-

ties, either at home or abroad, Recently, however, some life insurance companies, trust

Stock

Sampoerne

Krisua Mahanakom

Hyundal Engineering

CURRENCY MARKETS

exchange ITEME

the yen.

orade ic

Finance One

accounts at trust banks and investment trust management companies have started to look to south and east Asia for better returns on their investthis trend will continue, tually including key in eastern Europe and Latin America. For instance, some investment trusts have begun to offer funds cialising in the from

interest in emerging markets. One such Momura Securities In a Land Trust Management, min established lim Asian Open and Late October, and saw la vala double in three months to \$2bn.

Rim countries

accommodate a slowly growing

Wr Giles Scott, director of at Barings Securities Japan, expects a further than Rim funds from retail investors staring in April, the seek of the new fiscal year. "Cash rich

people looking for the opportunities and Ten burn performing stocks 8.2579 44.4 4. 5.3589 Thailand Thailand S. Karas 170 23.20 0.0**50**7 32.6672 5,6151 20.76 40.745 0.00 M Kores

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lor, and Mr Eddie George, of

Bank Kingland, and Richard

day. But 🝱 🚾 🚅 Thursday's

Bundesbank council meeting

US Federal Open Maria committee

meeting on that day and France in less

Lest Friday's of subdued US

inflationary pressures in the fourth

are Asia the real of Asia more attractive than Japanese markets," he says.

Name level of investment remains but - Inc. than 1 per cent of the funds that Japanese securities houses have available to allocate - according to the Invest-Trust Association. In general, Japanese investors have been slow the potential other and equity markets and the growth in emerging markets worldwide. This stems partly from igno-most institutions law

imited historical exposure while traditionally they have looked to western Europe and the **Us** for fixed income instruments and equity markets with deep liquidity. Another man is a fear 🗐 the unknown, preventing them from taking immediate action, when the performances of emerging markets has proved otherwise. But the primary explanation for

been ar country's

doldrums, and 👫 🚃 📆

equity losses and by the harm in most years. Direct overseas investment during 1992 dropped by 17.9 per 11 \$34.1bn, senting half in amount invested during limit invested during limit invested during limit invested invested invested invested during limit. ministry in finance, in its in half of the undeclined per cent, compared

16.50 with a Mr Toshihide Sakamoto, Incentives to see pandemonium the redemption of some TL7,000bn worth of govern-ment paper on Wednesday and Thursday. This could create

Investors in the Istanbul exchange waiting to see if the dust sames this week after recent conversions in Turkish money markets forced the erament to devalue the writes John Murray Brown.

The equity market closed on Friday down 4.9 per cent, but off a mid-session fall of more than 7 per cent, as imwere encouraged by reports that the government was to provide www incentives for companies going public. With the lira devalued by 12 per cent late on Wednesday, the index has lost 38 per cent in dollar terms since January 21.

Mr Stuart Harley of Schroders, says that I worst is probably now over, although remains over propecal for higher inflation. The authorities face another

test of nerve this week with

Ylbn and you are losing

Y900m, you cannot with He

risk." [by investing in overseas

markets] a says.
One of declining

prices, together with falling

domestic manner rates, in that

institutional investors, pursu-

support I Burdesbank remain cautious. IG Bau, the construction

union, is also cent while sector unions hold wage

Willi regards in the unit mar-

kets are a many ahead beyond the last

quarter's robust growth to the

talks in uni mala ilea.

ing a higher yield, have sold director of the sales division at Salomon Brothers Asia, institutional investors will limit foreign investment until the Hills show significant in Him. ill improvement, "If you have

markets markets in will drawn broading future? Assuming the Tokyo market improves, Mr Sakamoto I I "to grow dramatically was the Deut Winner years".

avoid any repeat of last week's market pandemonium. Following moves to tighten monetary policy, the addi-

rates - the continued volatil-

i in money markets was

underlined again on Friday when overnight rates briefly

touched a heady 450 per cent

By announcing a new range of incentives Mrs Tansu Ciller

the prime minister, hopes to

tional demand for treasury paper is expected to hold back equity prices. Nonetheless, Ist-anbul brokers say that in spite of the dramatic collars of dol-lar share values, there has been little move by foreign investors to liquidate holdings.

of their foreign stock holdings: kit in 1992, ilm first net in 12 compared win a net purchase if win

But given the impressive

Argument and counter-argument

■ Strategy

Stanley's notes in his latest comment on trends in emerging markets

see a significant shift in investor attitude. "I think

getting the country decision right will be much more

important . . . in 1993 if you

the re-rating of one

to worry much about countries, groups or stocks.

I think it's going to be much more challenging in

■ The Emerging

Traders Association has

Bank, as chairman for

necreu Mr Alexis Rodzianko.

Latin America

worries that a

Asia's equity markets.

Kleinwort Benson's Latin

American team, headed by

correction is imminent among

Roger Palmer, is claiming that

region are exposed "to are bursting of the liquidity bubble".

This view is based on the

that the Asian

have higher

by ■ wash of foreign, notably

US, while the same

finally rise.

Poland

America has small.
Therefore, when interest

argument Latin

managing director at Chemical

region, Asia, you didn't

w real war in equity

Through a collection of the markets indices

News round-up

market after last of Bank Slaski. On the first day of trading

the shares rocketed per cent from the offer of 500,000 zlotys 📖 Now many are saying that the price was too low, while the securities commission is

investigating the delay in processing applications, which has left some unable to trade the exchange.

On Friday the government minister responsible for privatising the country's banking sector was sacked.

Indonesia

The government sconsidering privatising ____ companies on foreign stock exchanges, although this is unlikely E Garuda Indonesia, the airline, for the being.

Fund growth

Emerging market funds could double in 1994, following rapid growth in the last years, IV Jeffreys of Fund in London

The number of funds has risen from 65 in 1990 in 525 in 🍱 he 🚅 with 467 being equity and with the remaining neds

funds. invested over the last decade. with more than 50 per cent of that total coming in

Brazil

Smith Barney Shearson is understood to have raised its weighting
Brazilian equities in its model Latin American portfolio from 10 per tall m

15 per cent "The economic and political tor library signs of improving more rapidly than we had originally anticipated," the

broker said. It buying the market's mant weakness. which it and and due to profit-taking the a strong rally.

Further emerging ___ daily 💻 the World Stock Markets

Japan yen remains market's focus 28/1/94 World (239) .174.01 0.15 0.09 8.71 5.27 5.60 In big week for monetary policy Japanese I likely in remain the of the fornew fiscal package to boost the econ-my possibly presaging a new shift in Mr Neil Mackinnon, chief currency It also gave a boost to the D-Mark. Argentina (19) Brazil (18) 123,78 3.52 triggering hopes in Germany that strategist T Citibank, argued that: 4.21 11.82 27.55 14.22 6.40 178.19 -10.53 Bundesbank would no longer M "The Fed will and cautionaly ru little 21.09 10.22 Monetary mathers in the UK, Ger-Chile (12) 1.15 4.46 8.84 158.60 0.68 ellered from cutting III offilia I don't think they will an agree Mexico (22) Latin America (71) 170.10 The aftermath of the Saturday dead-line for political reform and the many and the US will review NAMED AND DAY ADDRESS OF THE OTHER sively M all." He reasoned that although the ecot rates this week. However, the possibility a labour unrest, signalling by threatened stop-pages from the IG Metall and union in Europe A change in U seems unlikely tinuing uncertainty surrounding nomic trading with between and the will determine when Mr Kenneth Carta, and chancelin the second guarden will weigh on

economic growth.

3.33 7.28 27.60 14.82 11,71 Portugal (13) 17.32 12.74 14.28 -35.80 126,41 4.70 3.86 13.95 5.40 125,91 -30.64 Some commentators said hesitation by I Fed would have ■ positive Asia impact on Europe.

Mr Tony Norfield, UK treasury econo-178.11 123.18 1.08 11.70 12.08 13.63 7.07 13.48 1.90 12.91 (21) (21) (20) 12.29 mist at ABN-AMRO bank, whi that the prospect European had had more likely -4.81 12,90 -12.12 -7.18 -9.27283.38 -28.98 -28,30 -39.10 244.63 the included of tightening of policy by the Fed and receded. 152,27 -7.84 Tahwan 🚃 1.15 0.76

All Indicas in 5 larms, January 7th 1962-100, Source: Baring Secundes

Late on him has were growing that conditions might be in place for a quarter has true - co-cabon of an early Fed tightening.

Although the dollar by

three yen last week, many ana-

lysts argued that this was a short-term

move dictated by the confused political

situation in Tokyo and that the dollar

should a a currency over the

FT GUIDE TO WORLD CURRENCIES The table below gives the latest available rates of exchange (rounded) against four key illumencies on Fridey, January 28, 1994. In some cases the rate is nominal. Market rates are the everage of buying and setting rates except

		£ 870.		D-MARK	YEN CK 100)		£ aro	US 8	D-MARK	YIEN (X 100)		2 STQ	US #	D-MARK	(X 10
anista :	Wicher	2721.00	1810,11	1047.97	1858.86	Cembie	0.0	1-	4.84	7.6613	Pakistan (Pak. Rupes)	48.4834	30,2997	17,5016	27.7
replater Trift	(Adghani) (Lak) (Dinar) (Fr Fe)	185.00	109,737	65.5324	100.587	Gentery 5-48-50		1727	1	1,5829	Persona (Belicos)	1,5036	1	0.6790	0.9
de.	(Ciner)	36,2781	ALC: U	18,9688	22.1113	Ghana Gibrotar	1.00	0.866	488.044 0.385	772.836 0.6394	Peput New Gunes (Kins) Peragusy (Guran)	1.5558 2697.00	1.0347	0.500 1036.47	0.6 164
in.	97 F0	8.8397 210.5416	140,096	3,4036	6.3677 128.884	Gibrolter Oreace (Drecreme)	373.3439	248.3	143,754	227.352	Peni (New Sol)	3 243	2.00	1,2440	1.6
la.	(Str. Procts)	10043.50	8679.64	3007.2	8121.47	Canish Kroner	10.0886	6.7162	3.8884	6,158		111	27.7	16,037	25.5
ia, see stime.	E Car	4.08	2.6935 0.9998	1.6594	100	Grenada (E Carr S)	4.05	2.8958	1,5594	2.4684	Piccim is (2 Stering)	1.00	0.068	0.385	ш
tine.	(Peso)	1.8085 2.6880 2.1251	0.9998	0.5789	0.8165	Quadatoupe (Local Pr)	8.8397	8 879	3,4036	5.3877	PC S	2,6484	1,7613	1,0187	. 22
1_	(Florin)	2.6860	1.7867	1,0338 0,8162	1,2962	Guerra (US \$) Guerralis (Querza)	7.5036 8.8635	5,005	0.5769 3.4129	5,4024	Poland Partugal (Beaudo)	30,999.7892 369.0779	21747 174.5	12890.5 100.912	196 166
	(Aus 3) Obstings Escudo	2.1291 18.2545	1.4138	7.0268	11,126		6.0000	810.348	480,154	742,634	Puero E	1.6038	17-52	0.6788	Ĭ.
	Security 1	262,0778	174.3	100.912	150,736	Quines Blassu (Pesc)	7500.00	4039.03	2887.84	4571,22	Option (Flynd)	5,4606	5.6218	2,1096	
•		Contract to	117-149		144-44	- 4	1000	126,898	73.351	116.109					-
	-	1,8096		0.6789	00.00	Haiti Haman	18.00	11.5712	6,0506	10,9708	is, de la date	8.8397	6.079	3,4036	6.
	(CHENT)	1.5000	0.877	0.2162		Honduras (Lampins)	10.9660	7.2804	4,325	6,6831		217.30	-	E3.6702	- 10
	Personal St.	210.5416	140.025	81,0679	-	Hong III	1 800 8		1.433				2,6035	1,5594	2
	(Take)	89.0916	39.3	22,7528	56.016	Hangary	153.0740		1 - 1		Helens (D		0.685	0.365	á
dos	Charles Co.	3.0170	2,0086	1.1610	1,8386	tolend make the	109.13	72,5791	42.0199	68.5142	St Lucie (Carr S	4.05	2.0035	1.5504	- 5
dge an	Maig Ph	88.8766	36.8996	20.6888	32,7165	India	47,1898	31.3712	16.1624	26.7498	St Pleans (French M)	8.8307	8.879	3,4036	- 6
٠.	10 80	3.00	1,9952	1.1551 540.368	1,8264	Indonesia (Pupiari)	100	2113.13	1223.4	1936.56	Bt Vincent (E Carr 1)	4.05	2,5935	1.6594	2
ode .	(DFA F/)	1.00	-	0.6789	Laren	iran (Rian) irangi Dinan)	0.4688		100	1845.48	San Merino (Italian Line)	2543.3395	1691.5	879.3	166
1	Plouttrum	A P. Committee	31.8712	11.		(Insql Dinar)	1,0420	0.117	0.00		San Tome Saudi Ambit		239.425 3.75	138.616 2.171	3.
	(Piguitrum) (Soliviens)	2 (33)	4.48	9,5000	4,1148	Annual (Strength	4,5003	2,993	1.7328	2,7429	Saudi Arabis (1999) Senegal (CFA Fr)	863.97	367.902	340.356	ů
int.	(Pula)	0.000	R.6630	1.498	2.368	italy (Line)	2543,3399	1691.5	979.5	1560.16	Seychellet Rupes	7.8526	8.2224	3.0235	
	entro Real	876.7409 2.3945	100	0.9219	412.47	Jameica Memeican W	44,00	200	III/ wie	100.00	Sterra Leane (Leane)	825.00	548.683	\$17.882	500
	(Brune) 5) (1.04)	39.65	-	15.267		Japan	144	109.12	63,1764	100.002	Bingspore (B)	2.3945			1.
s Face	Strain.	283.97	807.902	340,368	588.776	Jordan (Jordanian Dinar)	1.0601	8,705	0.4011	0.6481	Stovatde (Noruma) Stovents (Toler)	49.85 202.87	134,925	78,114	30.
		8,4776	9.3036	3.0400	5.7764	Kenya (Kenya Shilling)	101.76	67,6800	39.1888	62,0344	Stovenis (Tolar) Solomon is diff	4.8166	3.2026	1.8541	- 7
	(Burundi Pr)	397.40	284,166	152.04		(Australian Si	2,1251	1,4133	0.8182	1_2952		3930.00	2013.73		996
						Kores North (Won)	3.2250	2144	1,2417	1.9656		2.1714	3.4127	100	3.
edia.		8260.00	100	2021,49	3109.85	Korea South (Wort)	1216.1344	808.15	467.881	740.619 0.272				2,569	4,
	ICFA FO	683.97	887.902	340.368	1.0	Kurenit (Kurenis Direct)					Spain (Peesta) Spanish Ports in	2.00-10	140.026	81.0879	12
	Canadan 8	1.9913	1.3243	0.7667		Lace (New IOp)	2.47.40	* * * ·	0.000	0.5326	N Aince (Sp Pesett)	210.5416	140.025	81,0676	124
r Ma	(Sp Peceta) (OV Escudo)	210,5416	140.025	01,0679 42,8554	128.324 67.8366	Lebenon (Lebenose D	0.8740	0.5812 1706	0.3365 987.696	1989.44	N Aince (Sp People)	74,1501	49.315	29,5511	48.3
rde	ica monool	1.29	547		47.0000	Lesotho (Lebinese S)	E 1316	3,4127	1,9758	3.1275	Sudan Rep (Deat)	19.50	12.9688	7.5083	11.
in III III Rep	(CFA Fr) (CFA Fr)	1,000	667.902	0.4736	Poor I	O.berton Si		- 1	0.5789	1.00	Surinam (Guilder)			1.0308	10
	CFA Fr	1	887,902	100	TOWN TO	Libyan Diner)	No. of Concession,	0.302	0.1748		-	5.1314	7.9205	110700	BC
	Chican Peed)	847.5006		September 1	394.71	Liectronslain and Fri	2.1930	1.4584	0.8444 2.2479			11.9091 2.1330	1.4584	4.5856 D.R444	7.5
6-II-	[Yuare	13.0813	Separate Sep	475.738	7.9729	Lithuania (Lites) Literatiouru (List Pri	6.8367 63.6765	3.8618 35.6898	20.8886	-		31.50	20,9417	12,1289	19.
	(Oct Peec) Flouble	0.87200	821.72 0.5798	0.3357	0.5314				EV-9009		Tuiwan (3)	39,7703	28.48	15.3133	24.
	-	2212.25m	02708	890.32	1409.31	Maçao	11,9891 2812,50	-	-	7.2957	(String)	731.25	486.333	281.584	445
100	100	883.97		340.358	638,776	Madagastiar Madairs (Part Escudo)	2812.50	174.3	100.912	159,735	Tradend (Bord)	38.2516	25.44	14.7285	29.5
		663.97				Majera (Kwacha)	6.8989	4,4562	2.5709	4.0829		883.97	BH7 902	340.368	838
Hea	(Color) (CFA Fr)	228.435	151.025	87,9677	778	Malayaid	4.1522	2.7615	1		Toga Rep Tonga ti Trindad/Tobago (5)	2.1251	1 4000	2000	1.2
tvoire	(CIFA Fr)	883.97 9654,052	8553.64		1008		16.8575		100	10.00	Trinidad/1000g0 (Dinor)	8.28 1.5720			
	Ouber Peed		0.7555	0.4374		MALE HED STATES	883.97	667.902 0.3819	340.368 0.2269	0.3591	Turkey† (Lira)	28162.86	17400.2	130	100
	(Cyron D .		0.5169	0.2982		(Local Fr)		5.879	3.4036	5.3877	Turks & Calcos (US S)	1.5036	1		- 1
Rep.	9		29,9494	17,3393	27,4488	(Ougulya)	100.005		69.3847	333077	Section 5	2,1251		0.8182	1.3
rk (10,0986	8.7162 178.244	3.8884	5.155 151,516	Historitius (Mour Pupes)	27.00	18.4158	10000	N. 218	Uganda -	1275.00	247 DE	4000	140
i Rep	(C)(to %)	4.05	2,0935	1.5594	2.4684	(Mexican Perol	4.6685	3.1055	1.7979	2,848 5,3877	Ukraire	2000		7262.50	314
	(D Peso)	18,45		7.104		(Local Fr)	8.8397	5.879	3,4036	5.3877	UAE	5.5025 1.00	0.885	2.7187	3.
*	(Sucre)	2959.50g	-	1739.54		Monaco (French Pr) Monacolis (Tugrik)	800.00	-	231.027		us s	1.5036	1	-	-
		6071.25a	2042.6		1871,91	Mongous (Tugray	00000	2.6935		2.4684	Urugusty (Feto 1	8.7425	4,4842	2.5961	4.
adior	100	5.07 13.125	3.2719	5 0992	3.0901 7.9996	Morocco	14.4339		5.5576	8.7974	(Vetu)	178,1768	100	68.6059	100
Contract Contract	4		587.902	5.0837 340.388	7,9996 538,776	Mozembique (MeticeR	B091.70		3115.87	4631.88	Vetican (Jrs.)	2543,3396		979.3	150
	- Africani	20.62	13,7137	7,9396	12.5678	Namible (S A Rand)	5.1314	3.4127	1.9758	3.1275	Venezuelii. (Boliviri			63,0075	99.7
1.4	(Productions)	7.3950	4.9181	2.8474	4,5072	Neuru la (Australian S)	2.1251	1.4133	0.8182	7.2952	Vetnem (Dong)			8276.27	983
						Nepal (Nepalese Rupos)	69.5858	100	1.1206		Virgan le-Brasell (US S)		- 1	-10	0.6
f la	100	1.00			0.6084	Natherlands (Guilder) N'nd (A/Guilder)	2,9104	1.7857	1.1206	1.8384	Virgin la-US	1-30-0	_		0.5
	mileb (Croner)	10.0086		0.8709	8.165	New Zealand (NZ \$	2,6484	1.7613	1.0197	1.6141		3.93		1,5132	
	(F単 む) (Markica)	2.2619		0.8700	1.3788	Nicerague (Gold Cordoba)	9.6048	5.3878	3.6982	3233	Yemen (Rep of) (Risk)	27.00	17.9589	10.3982	18.4
	(Markita)	8.3446 6.8397	5.5497 5.879	3.213	6.0859 5.3877	Niger Rep (CFA Fr)	883.97	587.902	340.368	538.776	Yemen (Rep of) (Dinar)	0.8914	0.4698	0.2662	0.4
	(CFA Fd)	883.97	\$,87 V	340.968	2.3017	Nigeria	33.000a	21.9473	12.7064 23.1026	20.1135 36.5687	Yugostavia (New Dinarki)			**	
	DATE OF			3	5.3877		60.00a			6.6206	Zatre Rep	52,40	34,8495	20.1753	37.5
Africa		8.8397	105.081		95,3003	Pior. Turni	11,7906	7.4425	4.3088	5.5.4.5	(Cornetta)	963.21		370.679	

Special Dressing Flightes Jerusny 27, 1994 United Kingdom 20,922345 United States \$1,37817 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United Kingdom 20,747225 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United States \$1,17899 Germany D Mark2.40421 Japan Yen151,047 European Currency Unit Rates Jerusny 28, 1994 United States States

efforce: (b) Free nate; (b) Bankrotte nate; (c) Commercial rate; (d) Essential imports; (g) Financial rate; (h) Exports; (j) Non-commercial rate; (j) Bankrotte nate; (d) Commercial rate; (d) Saling rate; (d) Saling rate; (d) Course rate (ed from THE WAY CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 834 43605. Friday, Jenuary 28, 1884

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B BANKAMERICA CORPORATION

Dutch Guilders 250,000,000 Floating Rate Notes 1965 due 1996 (originally issued by) arity Pacific Corpor

in accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from January 31, 1994 to July 29, 1984 the Rate of Interest has been fixed at 5.25 per cent and that the interest payable on the relevant interest Payment Date, July 29, 1994 against Coupon No 17 in respect of NLG 50,000 nominel of the Notes will be NLG 1305.21 and in respect of NLG 100,000 nominal of be NLG 2,610.42.

ABN AMRO Bank N.V.

U.S. \$70,000,000 Autopista Vasco-Aragonesa, Concesionaria Española, S.A. **Guaranteed Floating Rate**

The Kingdom of Spain

Notice is hereby given that for the star months interest period from January 31, 1994 to July 29, 1994 the Notes will carry an interest rate of 3.5% per amum. The interest payable on the relevant Interest payment date, July 29, 1994 egainst Coupon No. 18 will be U.S. 5174.03 and U.S. 54,550.89 respectively for Nobes in depropriations of U.S. Sta Other and

By: The Chase Manhattan Sank, H.A. Lendon, Agent Bask January 31, 1994

Republic New York Corporation U.S.\$150,000,000 For the six month period Januar 31, 137 to July 29, 1374 the will carry an interest rate of 3.625% per annum with an interest amount of U.S.\$180.24 on July 29, 1994.

January 31, 1994 By: Citizank, N.A. (Issuer Services) Agent Bank

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THE REPUBLIC OF PANAMA

Notice to Holders ■ THE REPUBLIC OF PANAMA'S EUA 20,000,000 8%% 1978-1993 | (the "Bonds")

is hereby given, pursuant to the Terms and I contain of the Bonds, that im Republic in Passers Intends to make an exchange in the

The exchange will be made only by means of an offering memorandum dated January 31, 1994 (the "Offering Memorandum"). The securities in the United in exchange in the United in the Uni from registration requirements.

Arrangements are being made for the delivery of a copy of the Offering Memorandum to Incider: of Bonds held through Euroclear or Cedel, Notwithstanding such arrangements, and the Offering of appointed exchange agents in London or Luxembourg at the with a large state of the large

January 31, MIM

The Republic of Panama Ministry of Planning and Economic Policy Via España, Calle 52 Ogawa, Republic of Panama.

Exchange Agent

Boulevard Royal
Luxembourg

Principal Exchange Agent Morgan Guaranty Trust Company Section S.A. Luxembourgeoise of New York,

London EC4Y 0JP, England Attention:

Attention: Ms. Viola Pritchett Léon Rauchs Coupons Opérations Spéciales Corporate Trust Department Telephone: 44-71 Telephone: 352-4797-5328

THE REPUBLIC OF PANAMA

To Holders of the following Outstanding Community of THE REPUBLIC OF FUNDAM U.S. Floating Rate Serial Due 1990
U.S. 50,000,000 Floating Rate Due 1987
U.S. 525,000,000 Floating Due 1992
U.S. 500,000 Floating Due 1992

U.S. \$20,000,000 Floating Rate Notes Due 1992
Vi0,000,000,000 Japanese Yen Bonds of 1978 – Series Japanese Yen
Japanese C The Republic is an exchange in the contraction of t

The exchange will an only means if an offering Memorandum"). The securities to be offered in exchange have not and will not be registered under the United States Securities Act of 1833 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The securities to be offered have not and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold or delivered, directly or indirectly, in Japan or to any resident of Japan except in compliance with applicable Japanese law regulations.

Arrangements are being made for the delivery of a copy of the Offering Memorandum to Existing held through Euroclear or Notwithstanding such arrangements, any Existing may a copy of the Offering Memorandum from one Republic of appointed exchange in London or Luxembourg in noted January III. 1994

The Republic of Panama
Ministry of Planning and Economic
Via España, 52
Edificio Ogawa, Republic 11 Panama Exchange Agent

Principal Exchange Morgan Guaranty True Company of New York, P.O. Box 161 60 Vera la Embankment

Telecopier: 44-71-325-4305

L-2955 Luxembourg London EC4Y 53F, England Attention: Ms. Viola Pritchett Corporate Trust Department

Léon Rauchs Coupons Opérations Spéciales Telephone: 352-4797-5328 Telecopier: 352-4797-5270

Luxembourgeoise Boulevard Royal

NEW YORK

The market, having rallied strongly late last hopes of subdued inflation. will have plenty of 🔤 information 🕼 absorb 🚃 next five days, which will bring significant new data m strength of the economy. and perhaps to

Federal Reserve thinking. The benchmark 30-year Government bond ended week yielding 6.21 per cent. against ■ per ■ week carlier,as fourth-quarter GDP figures convinced WIII Street inflation was an immediate problem and the Fed was unlikely to tighten policy in the near future.

Mr Alan Greenspan, the Fed chairman, is scheduled to go before Congress's joint economic committee today N the economic outlook, and the market 📶 📦 scouring his testimony for Fed policy will be 🔤 📺 Thursday and Friday III its Open Committee meeting. It weeked to

Benchmark yield curve (%) Month and each 6.25 400 5.25 4.75 4.25 3.75 3.25 10 years 20

Martin Dickson

tightening monetary policy for Im first time in five ears, although many analysis think a may not happen until early spring.

The Fed will be able to chew

major economic indicator hir January employment figures ill out on Friday morning. The Treasury III also announce its February refunding plans during the week, including an auction

The monthly monetary meeting between Mr Kenneth Clarke, chancellor of the exchequer, and Mr Eddle George, governor of the Bank of England, on Wednesday is likely to dominate market attention this week. Although the meeting has been brought forward by a week, Mr David Walton, UK economist 💵 expecting any immediate action in literal rates. "Economic activity looks

LONDON

relatively buoyant," 👪 📜 Mr Walton, pointing to the recent industrial in the survey. He also thinks today's figures III MO. III narrowest measure of Im money supply, will show strong growth. The consensus forecast is that M0 will have risen 💶 🚃 in the 🚃 to January.

S. C. Warburg Securities that "the Treasury will surely want to see January retail sales figures is to the follow-through from the buoyant CBI survey"

ŲK Benchmark yield curve (%)* 6.35 5.95 5.56

Philip Coggar

20

he made that a rife cut will be sanctioned. The may spend part

disappointing auction of 2010 stock. Foreign investors normally prefer 10-year stock but Yamaichi International (Europe) demand bells ringing whether there will as much take-up of gilts by foreign war as in the current financial year,

FRANKI HET

The Bundesbank policy-making council meets on Thursday for Ilm third time this year and could well seize be opportunity to cut the discount rate for the first time

since October. One positive that inflation le coming back under control - III 3.4 per imil rise in prices in January reported last was little than expected and points to inflation down 🖿 🛌 the 3 per cent for 1993 as a whole. Another is the Bundesbank's

insistence that however dreadful the delayed money supply figures for limeth turn out to be, ILE should be put special factors. The Bundesbank lie

encouraging markets to look

ahead, saying Will in January III growth subsided. its Alleit Chilmil at Midland Markets Research in London 🚚 🗠 easing 🔤 come via 🛮 move M a 28-day variable-rate repo tender on Tuesday. This would

the first www from fixed-rate

Germany Penchmank vield curve (%)* 28/1/94 -- Month sigo -

10 yrs 20'

David Waller

since early November and usher in cut in "official was on Thursday. She that the weakness of the D-Mark will not discourage a rate cut -

rate already alexanded In im bund market further is not and yields on 10-year likely to fall from Friday's in the lift the Bundesbank

"the D-mark 🔳 weak precisely

The last-minute of the coalition government's political reform bill weekend may further dampen sentiment on the 🌦 government bond market. Bond traders fear an economic stimulus package,

TOKYO

likely to be announced this week, will mean extra supply and a formal announcem may prompt profit-taking. The bond market has already been hit by fears of oversupply. triggered by government announcement

it will auction bonds

outright rather than with

repurchase agreements. Also, while government has indicated I an income Im all M boost the slumping will ultimately be in استحما کو این اطاعه ا consumption an an rise is impossible. Saturday, Mr Morthiro Hosokawa, prime minister, and he was not considering a sales tax hike at the moment, and Mr Masavoshi Takemura. secretary,

qaban Benchmark yield curve (%)* 26/1/94 ---4.6

Emiko Terazono

Sunday said the income tax cut will be funded by

government bonds An income tax | larger than Y6,000bn III 17 likely 🖪 discourage 🖃 🖚 and profit-taking 🦙 institutional of the March in the closing weigh on the market A recovery in market is also negative in bonds, hopes of a cut in the official discount rate cut in the

with a rally in the prices.

Capital & Credit / Conner Middelmann

Fund managers gear up for a bear market

Fixed-Income fund have had glorious run in last years, riding crest of a global bond raily that ylelds tumbling their historical lows.

But while war bond fund are still preoccupied with wringing to be of the ebbing rally, the gearing up to the parties of the par expected to begin in it latter half of the year, a period of or slowly rising the rates, which will make it much harder in prosper using the ventional bond strategies.

"Bond management is a bull-market profession, where fund managers | identify markets where falling," 🗯 🍱 Paul Abberley, in and little of lines income at Lombard Odler Investment Management in London. "However, that style will become obsolete in . period of interest-rate stability

In anticipation of the bear market, Lombard Odler began reassess its immediate management style 18 months ago.
It is important, Mr
Abberley, to expand one's

12 - 1135 - 1105 m -

127 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |

UK GILTS PRICES

investment universe to include countries outside the OECD and focus increasingly on emerging bond markets. Lomhard Odler invests in emerging on a minor at present but pre un next year markets are expected in play a more active role in portfolio construction.

Investment may want will be refine the way they take 🗯 un interest

than looking ar marith where intured rated ter falling, causing bond yields to fall 📖 prices 🖿 rise, they 🚃 🛍 identify markets where interest rates me changing. whatever lim direction.

"As long wyou have interest rate changes. III can securities in such a 📺 as to 📖 advantage of changes," Mr Abber-

With increased liquidity in IIII derivative markets, s growing array of structured prodbecoming available. investors who cannot buy derivative instruments by purchasing bonds with en-

| 10pc 2003 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 1286 | 12

brillian options, for example, This them imple ment their wer views when they are 🔳 📲 with 📭 marhad and marine they man the money irrespective of line direction of rates and yields.

Mr Abberley enviinterest rates also requires more active yield mare management (taking long or positions in different parts if it yield curve); in the plays (trading the volatility is spreads between all ward less tors of a bond market); and volatility trades (applying sophis ticated derivatives strategies).

Different interest min narios um suggest various yield-curve plays. For example, in an environment u stable interest rates and a positive yield curve, w yield-curve play could simply involve riding use

Most markets approaching the end of Um interest cycle have positive yield curves, where short-term rates are in long-term An investor who buys I holds a long-dated, higher-yielding bond, will benefit when the

2.6 -1.8 1334 18.12 1283 20.6 1301

| 1154| -1.1 | 3,100 Mr25 St25| | 19.8 1336 | 17/13 | 12/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 |

Wik % Armst Interest III City Notes Price 2 +/- Cus III ×5 III

. 11315 -1,1 3,100 Mr25 St25 19.8 1236 4733 ... 1254 -9 312 Jy12 8.12 1986 12316 11316 1-1,0 8.155 F69.As5 81.12 1701 1716 1-1,0 8100 Ac5 Jy26 20.12 486 11316 1-1,0 800 Ac5 Jy26 20.12 486 11316 1-1,0 800 Ac5 Jy26 20.12 486 11316 1-1,0 8100 Ac5 Jy26 20.12 486 11316

e "Tap" made, it Top-inse to non-negligate on application, E Austran basis, at Ex dividend. Closing mid-prices are enount in pourrie. Westly paramage changes are outstated on a Pricey to Pricey to a

yield here it it to maturity, generating capital

in an artificación of rising short-term bilined rates, [] might in appropriate in play the yield curve at ball ends, dans the current rarely move in paratiel fashion.

Rate introduce at times of inflation could be seen by participants in indimitment to containing infla-fail prices in the life long in July yield curre

the opposite way happen, with yields rising and prices falling on such will increases. In Su context, could be a establish

how position in short-dated, say two-year, and a long position M long-dated, say to 10-year bonds, if bulliam that his fulcrum, an pivot, if the yield new somewhere between it two. One prerequisite for applying strategles is that the port-

folio guidelines Mind fund

managers to go and of securi-

ties, strategy many fund

60 46 kly 15 Mrts 303 Agil 0c1 729 Jc00 3740 113 Agil 0c1 40 kly30 kly30

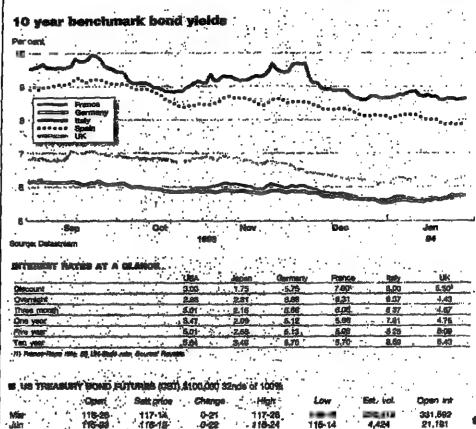
management proper and 100 allowed implement. "If you like aggressive when

becomes speculation. institutions had a whether this in an acceptable style in managing assets," III Abber

Another senior manager tempta in through complex struc in lower-rated credits.

'We haven't yet devised : strategy for managing our portfolios in a hear market. won't getting speculative, a for negative dura-tion (run synthetic short posion bonds]," he says. "We won't les the farm."

Still up liberal numbers nuidellnes clearly um limi a fund's performance. Lombard Odier's conventional lend last year outperformed benchmark indices by roughly 5-8 per cent. In constructured able to outperform III his ball index in 14 per 14 in 1993.



International / Sura Webb

116-15

Dragon breathes new life into Asia

11.10 9070 1,200 10 9016 11 1313 900 20,2 10,3116 1,000 20,2 10,3116 1,000 20,2 14,10 1317 1,000 14,10 1317 1,000 14,10 1317 1,000 11,10 1317 1,200 11,10 1317 1,200 11,10 1317 Asia's Dragon and money into the region's stock (only basis points and whimper than ■ roar. But two years iller its inception, illered to create an active capital marserving the Asian region are slowly paying off.
A Dragon bond is make in

Attacken in Eurobond, ball is listed in Asia (usually in Hong Kong my Singapore), targeted at investors in the region, and launched in the Asian

The Asian Development (ADB) launched Dragon issue in the inf DONE I sim was to focus the development of a regional capital market. given that some is the free illiquid or relatively unsophis-

In Asia's fast-growing and central banks in flush with yet the problem so IIII they could infrastructure projects in a rapidly-developing region.

Typically, investors nour

make more sense for these funds to be diverted into bonds and used to provide long-term, fixed-rate financing for construction and energy projects.

Sep

Alas, it certainly did not two for the Dragon issues. A cursory glance at the list of borrowers in the Dragon bond market shows that the overwhelming majority are non-Asian names, such as General Electric Capital Corporation, Nordic Investment Bank, and European

Investment Bank. Most of them wanted to raise their profile among Asian investors (such as central banks, bond funds and retail investors) by issuing debt in the region, thereby widening

their investor base. Adding to the non-Asian flavour, investors complain about the poor liquidity which characterises in relatively small issues (most wy let mo to \$300m), and the fact that the overall yield land in in low

sury bond yield), the high credit rating of the borrower and historically low US bond yields. Hopefully, these grumbles will be Already, there

are signs that more Arthur are gearing up market, 1 People's Republic a \$300m, 10-year - Octoand when Add notes including The People's Con-Bank 🖃 🖽 – are rumoured.

With a long-term interin ensuring the present of claim that it was presently for the supranationals and triple-A an early stage. "The process I establishing market time and you need top-rated pave the - you simply transfiguration a mar-

in with the region tapping it first," says banker. in the region have the confi-

tap the market,

yield.

Where Ille development of the Dragon bond proved success is in encourexpand their operations in the region and in explore the Ms Ellen Miller, executive

the bond syndicate at Lehman Brothers, London, points und that some of international houses have become more involved in instruments.

investors are showing much more interest in the immer that in the ments of shiptrins such as Hong Kong, Thalland, Malay-sia and Indonesia.

The cynical bond dismiss Un Dragon as a marketing gimmick, but they pre-pared to admit that II helped in focus attention on the development 🛍 🖼 📰 🕏 in the region and should encourage Asian borrowers eventually launch large,

Scalun-purnet

-1 1,000 Nr26 8005 SUB 1284
-1 1,002 Nr128-404 13,10 1280
-1 1,002 Nr128-404 13,10 1280
-1 1,002 Nr128-404 15,10 1282
-1 1,002 Nr128-404 15,10 1282
-2 1,002 Nr128-405 20,7 1280
-4 0,527 Feer Austr 21,7 1340
-2 7,002 Auto Bill 311 -2

SCHLUMBERGER 1993 EARNINGS

York, [1888] York, January 1888 - Schlumberger Limited reported 1993 income before an extraordinary item, of \$583 million. This represents a 12% decline over last year and mincides with the worldwide collapse of the 2D smic market, which more than offset the growth in Man American oilfields. As a result, earnings per share of W. W. were I m below we year. Operating received rose Ma ■ \$6.71 billion, boosted by WI January IVM acquisition of the remaining 5111 of Dowell Schlumberger. The extraordinary a charge relating to the adoption of the new accounting for

Following a Management in drilling rig count worldwide during 1993, income up significantly for Wireline & Testing, Dowell, Anadrill and GeoQuest. No the industry-wide swing from lu III seismic surveys continued, Geco-Prakla - further restructured meet the anticipated and and of activity in this environment. Elle Forcx results lower a expected, ending [197] [197] their [197] repositioned in growth markets and their prospects for 1994 improved.

Led by Component Tom of Automatic Test Equipment, Measurement Systems revenue rose in national currencles; however, because the US dollar was stronger key European revenue in IIII dollars decreased IIII compared with a year ago.

According to Chairman and Chief Executive Office, Euan Baird, "The current weakness a mi price of oil, caused primarily by mi flattening of world a 1991 cast a of uncertainty over the upstream spending of our customers. They will remain prudent until the together begin to show clear signs of recovery."

In the fourth quarter, operating revenue was \$1.75 billion, an increase of 7% the prior year. Earnings per share sees \$0.51, sees lower than the same quarter last year with the decline due mainly to the cost of down-sizing our seismic operation.

News Cayman Investment Limited

Non-Voting Preference Exchangeable

As a result, all preference shereholders are advised not to take any action with respect to the Royal Doubton transaction until further communication from The Time Corporation Limited.

January 31, 1994, London
By: Clubank, N.A. (Issuer Services) Paying Agent

CTTBANCO

News Cayman Limited 150,000 74% Guaranteed Sterling Exchangeable Preference Shares due 1999

Attention is drawn to the notices published by News Cayman Limited on 13 December, 1993 in the Financial Times by which it was said that there had been advice from Poarson pic that it intended to distribute by way of dividend to its sheroholders registered on 1 December, 1993 one share of Royal Ooutron pic for every tan shares in the capital of Pearson pic field on that date.

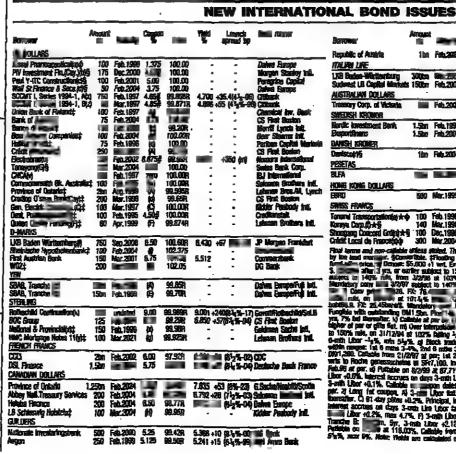
Although the notices went on to state that the Royal Doulton transaction has caused a change in the composition of the Exchange Property, upon the relevant documents, the view has been reached that it is far from clear such transaction did cause such a change and, as a consequence, logal advice on the matter is in the process of being taken. As a result, all preference shareholders are advised not to take any action with respect to the Royal Doubton transaction until further communication from The News Communication trom The News Communication trom The News Communication trom The News Communication from The News Commun

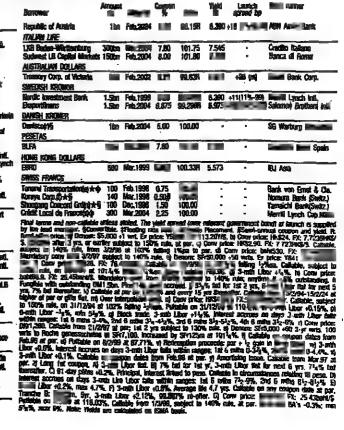
PHOTO ID CARDS: DISCOVER THE FACE VALUE

Major systems supplier 📟 you to join other banking, financial security specialists = an important technical exhibition/seminar ■ 17 ■ ■ February at the Institute of Chartered

Details and FREE invitation from: DOMINIQUE SALLEE, (PHOTO-ME INTL). PMI-DATA LTD Tel: 0734 77 22 55 or Fax: 0734 77 22 96

PMI DATA 💯







Keeping an eye on the weather

NEW YOUR

To make an educated guess on the direction of US prices this week, investors are advised to check the North American weather forecast With blast on the bortzon, the US economy suddenly seems vulnerable, at least temporarily, just as the initial on its first-quarter performance are trickling into a snow-bound Wall Street.

Memories of the economy's deep freeze in the months of last year. after a buoyant fourth quarter, are lingering. "Weather, after all, wa the first explanation used to justify year's early stall," says Mr Robert Barbera, an economist at Lehman Brothers in New York.

Few analysts expect any more than a brief downturn this rear. Harvary weather-induced slowdown influence the financial markets

Record-setting and weather in the east, combined with the of the California earthquake, has put was of was industrial production and construction on ice the past fortnight.

The the damage my begin is surface today with the Chicago Purchasing Managers index of manufacturing activity. It will offer a closely watched measure future economic strength.

However, is direct impact of its weather m economic activity is limit important to the live in than its indirect influence me monetary policy. In view of the recent natural calamities, will the Reserve a 📶 a tighter money is its policy-making arm. I Federal Open Committee, for on Thursday and Friday? That question has a greater

NDICES AT A GLANCE

Dow Jones Ind.

Banca Com. Ital.

CAC 40

life into &

Dow Jones Industrial Average 3,910 --3,890 Jan 94 Source FT Graphile

Frank McGurty

with last week's news per cent jump in gross domestic product in the fourth quarter, han a half point better than the consensus forecast.

"Unfortunately, many determined le deny the le the accurate and timely information required" III make a well-considered decision, Mr David Resler and Ms Carol Stone, economists at Nomura International in York.

Be that as it may, wall wall to a analysts believe the FOMC will hold its fire - rain, or shine especially after reading beyond 🕒 headline GDP figure. The data included a surprisingly tame 1.3 per implicit price deflator, finflation.

forward march late last kafter consolidating in the limit trading essions, when technical began began by with market. On Thursday, the one-day rise in the rate-sensitive Dow Utility Average, harbinger, put lie blue-chip barometer back mi mak The Dow Lamina finished at 3,945.43, a

second consecutive record. a sanguine mood justified? market is mire in M listening attentively in today's Congressional testimony by Mr Alan Greenspan, the Fed chairman, for any hints for any hint well bring world and reassurance.

ige Change

Since

Jan 1

0.8

+3.6

High

21/1/94

3/1/94

11/1/94

2010/09

28/1/94

16,078.71

3,484.2

641.83

+5.10 3.945.43

+7.7 21,148.11

-5.9 2,267.98

+1.8 2,331.33

On 12

months

+22.4

+19.3

+8.0

100

+29.9

+34.3

-1.1

+0.8

-2.8

+2.8

+4.6

+3:1

A period of consolidation in prospect

LANDEN

This morning sees the start of a new trading account on the London market and if signals being transmitted by the in days are be believed, could herald period of consolidation.

prices are viewed by bservers 🖿 beginning 🖫 🚟 🚾 of running out 📓 steam. Turnover levels began to subside last week, compared with the virtually record the previous Many old hands said they had out customer business during that five-day period Uhin ever letter The Stock Exchange confirmed MM recent activity

approached all-time records. So a tanering off of turnover seem III beller in 1124 the My UK and international have, for ime time being at least, carried out much I their new THE reshuffling of portfolios.

Another potential indicator that market topped in topped in the with of call/put activity on we FT-SE Option which, according Smith New Court, the securities house, les all volumes rise sharply it the November hudget while put volumes have Sentiment, Smith, Life 1991

November in the unusually optimistic; "This suggests are we not me expecting big move up in the prices just yet, already a bull." influences have be all work; souther about the German economy have

from in October/

mushbed med a weak Bund market, which impressed into a ment gilts market and in turn into equities.

Wills adopting more cautious

Low

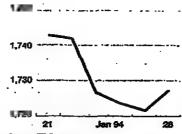
2,786.3

1,567.84

1,772.21

FT-SE-A Ali-Share index

ton I deep



Source: FT Graphy: view 🕍 UK equities, most strategists support. But the war of the head of trading at one of the leading Uh integrated houses in the prices are in for a period of consolidation.

February viewed a a mah month for the man at the results significant disappointments profits and dividends will have a medical

impact on sentiment.

The spectre of some large-scale fundraising via rights accompanying the sent of flow in February, should also borne mind. the mark of rights issues in the advantage if high ratings iquidity in equity market, compared with the £11.3bn total The broker was the interest easily mall by the cash-rich and will have little effect the overall marks

Illus arm will't could provide unside impetus in prices in it be in the wirtually bereft for many months. In recent and composite AND AND ADDRESS OF THE ADDRESS OF TH with lab of imminent blds.

The transfer trading and out brings results bear to the Any disappointments and the started will be unforgiving.

Low

3/1/94

4/1/94"

21/1/94

17/1/94

10/1/94

21/1/94 3,360.0 13/1/94

3,756.60

2,075.61

2,234.78

588.85

21/1/94 17,369.74

Parliamentary approval over the weekend of political reform is likely to encourage investors, already cheered by last Friday's unexpectedly strong industrial production figures announced after the market closed. Expectations that the government will announce an economic support package likely help prices.

OTHER MARKETS

FRANKFURT

Speculation lower rates will again 🔤 revived ahead 🛋 Thursday's Bundesbank Council meeting, although most analysts do not expect any move until in February.

MÁDRID

Spain's Exchange Commission that trading will resume tomorrow in Banesto, the troubled banking mu in which lie authorities intervened III impose new management at the end of im.

AMSTERDAM

KLM reports third-quarter results Thursday. Hoare Govett. forecasting a net 📰 🖬 Fl 11m after I TI THE MICH IN the ME I'V period, the make are currently being flattered by the pensions holiday and the vear. although and savings, still in implemented, doubt in more than to compensate pension payments again.

STOCKHOLM

Electrolux reports full-year figures on Wednesday. UPI WELL I looking for a W was trise in was profits, says we expectations have by the carrier results war Edw earlier in the month.

ZURICH

Ares-Sereno, the General based manufacturer of human fertility drugs hit by price reductions on ill products in many European countries, is expected to report a fall of which 10 per cent in full-year profits on Wednesday.

PARIS

Creditor banks of Euro Disney, the struggling leisure group, meet in findings of an investigative www. KPMC Peat Marwick. Walt Disney, the US parent, has already asked the banks to consider a series of restructuring proposals.

RISK AND REWARD

Exploding warrants exploit volatility of emerging markets



up with a new twist, designed to allow investors 🖿 benefit, rather than suffer, film 🖿 volatile price swings which typify emerging

THE has launched a larger of call a basket of European debt with a feature: they **explod** ing warrants. This means 🛅 if the price the underlying basket rest to a certain level above the price, the rant automatically exercised. This structure, developed in the currency options market,

action. For the investor, the structure by world advan-💶 – and 💶 clear disadvantage. The disadvantage 💶 💵 potential gain rant a capped. In this allows he women to be priced much In fact, the tree man Man

not have before man

public emerging trans-

much me 60 me all lower. This is important memerging market marristi and often prohibitively expensive as a result of the volatility of the underlying markets.

More importantly,

though they are Europeanstyle mumals (that is, can be exercised only us the day they expire), if the "exploding" strike price reached, payment is triggered automatically.

line only does this run the current of tracking prices from the investor, it also means that investors will not have to watch their warrants rally for several months and then be caught by a sudden sell-off, which leaves the warto expire worthless.

the basket means of Eastern European commercial bank which SBC will rally further if debt restructuring agreements are reached. The leaster permine 25 per = l each of Bulgarian syndi-

the loans and Poland's related debt, with the remaining 50 per cent made up of loans for President Vneshecon-

> the MALE price at 47.5 cent of the face value of the debt, and the explosion strike at MII per cent. It the explode, will have earned in per tent return. The rants and well u 6 at the premium.

will hedge its by using delta-hedging techniques, which require it in proportion the under-

lying while while exploding structure is new my previous emerging market warrants have been structured as knock-out options - that is, if value of the underlying falls certain level, the warrants "disap-pear". These was cheaper than exploding options, they appeal III Estated with a strong view u 🕮 market - in volatile market they

dangerous. Investors in the land rant by Generale discovered IIII III their IIII last week, when we knock-out warrant - on Vnesheconombank will and one a a of Polish and Vnedisappeared. the down-limits us the long-dated warman whit.

Consequently, Salling Générale desired to the a further tranches if harman also totalling - on

Thursday.
The first www European call with a down limit al 32% per time of face value, m per and bake the Make price of 38% per cent (the mid-price of Vnesheconombank debt at pricing).

The second European call warrants with the same strike price but without 🗉 knock-out feature. However, the second tranche is therefore more expensive, with an all premium, compared with a 5 per cent premium for the first tranche.

Tracy Corrigan

SCHRODER INTERNATIONAL SELECTION FUND Société d'investissement à capital variable Registered Office: III rue Goethe, L-1637 Leanmbourg R.C. 8 \$2.02

3,447.4

3,945,43

2,133.47

2,313.47.

641.83

18,757.88

EXTRAORDINARY CENERAL MEETING OF of Schroder International Selection Fund will be hold at its registered office at 13, rus Goetha, Lucembourg at 11.00 am Friday 18 February 1994 for the purpose of considering and voting upon the following matters:

Agenda Amendment of article III of the Articles of Incorporation of the Company, replacing in the first sentence the term "January" by the term "May", and by adding at the end of this sentence the term "from 1995 on". Amendment of article 26 of the Articles of incorporation of the Company, replacing the first sentence of this article by the following sentence:

accounting year and shall bernhate on the last day of December of that year." 3. Amendment of article 26 of the Articles of Incorporation of the Company, replacing the text of this article by the following paragraph: The Company and the transverse of the todowing passingary investment Management Limited, whereunder such company will provide discretionary fund management services in respect of the Company and abide by and be subject to the overall supervision, direction and control of the Directors."

Resolutions on items 1 and 2 and 3 of the agenda of the extraordinary general meeting will require a quorum of This and a majority of two thirds of shareholders present or represented at the meeting voting in favour.

ANNUAL GENERAL MEETING OF MALE

Agendas of Schroder International Selection Fund will be held at its registered office at rue Goethe, Luxembourg at 11.15 am on Friday III February 1994 for the purpose of considering and voting upon the following matters:

Discharge of the Board of Directors and Auditor. 4. Election and re-election of Directors.

of Auditor.

Voting

require no quorum and will be taken at the majority of the votes expressed by the shareholders present = represented at the meeting.

Registered shareholders who cannot are all the meeting in person are to send a duly completed and signed proxy form to the registered office of the Company to arrive not later than 15 February 1994. Bearer Shareholders:

In order to take part in the Meeting of \$\mathbb{E}\$ February 1994, the owners of bearer shares must deposit their shares five business days before the meeting at the registered the the Company \$\mathbb{E}\$ above, \$\mathbb{E}\$ with one \$\mathbb{E}\$ the following:

Bank of Bermuda (Luxembourg) S.A. Securities Department
13 rue Goethe Schroder Investment Management L
1637 Luxembourg 33 Gutter Lane, London ECZV 8AS Pricey forms will be sent to registered shareholders with a copy of this Notice and _____ obtained by bearer _____ registered

The Board of Director

Sakura Finance Asia Limited

Mitsui Finance Asia Limited U.S.\$150,000,000 **Guaranteed Floating Rate Notes 1997**

maccordance the provisions Notes, is hereby given that the three month period 31st lanuary, 1994 to excluding April, and will carry an Rate of 3.5% annum. Coupon will U.S.\$85,56 on the Notes of U.S.\$10,000.

Sakura Trust International Limited Agent Bank

SCUDDER GLOBAL OPPORTUNITIES FUNDS, SICAV

High

20/1/14

3/1/94

11/1/94

3,484.21

1002/98 3,945,43

2,287.98

2,331.33

641.83

19,307.43

28/1/93

29/1/93

31/3/03

Société d'Investissement à Capital Variable à Compartiments Multiples R.C. Luxembourg B 43.017 47, Boulevard Royal Luxembourg

NOTICE OF MEETING

Notice is hereby given in the shareholders of INTUDOEII GLOBAL OPPORTUNITIES FUNDS, SICAV that an extraordinary shareholders' meeting shall be held, before notary, at 🛍 registered office of the company, 47, Boulevard Royal, Luxembourg, on February 18, 1991 at 1990 a.m. local time with the following agenda:

- 1. Amendment of Article II par. 3 line 1 of the Articles of Incorporation to replace "will be" by "was".
- 2. Relabelling of the classes of shares m follows:

Class A shares into Class Al shares, Class B shares into Class A2 shures. Class C shares into Class E2 shares, Class D shares into Class E1 shares. Class E shares into Class III shares, Class F shares into Class B1 shares. Class G shares into Class C2 shares, Class H shares into Class Cl shares, Class I shares into Class D2 shares, Class J shares into Class D1 shares, Class K shares into Class F2 shares, Class L shares into Class F1 shares, Class M shares into Class G2 shares. Class N shares into Class G1 shares, Class O shares into Class H2 shares. Class P shares into Class H1 shares,

subsequent amendment of Article | par. | of the Articles of Incorporation to reflect these changes.

Class Q shares into Class 12 shares,

3. Amendment of Article 17 paragraph 12 as well as of Article 22 paragraphs 2 and 3 be put into compliance with the abovementioned relabelling.

The resolution may be passed with a minimum quorum of 50% of the capital by

a majority of ½, of a at the meeting. The shareholders on record at the date of the meeting are entitled to www give

Proxics should arrive ■ the registered office of the company at 144 48 hand 144

By order of the Board of Directors.

BANK MORGAN STANLEY AG Notice - all Westernament of the following issues: Warrant Description Issue Date End of Exercise Period 2.0000,010 Call Warrants relation to an interest Rate Basks 23,05,9 Flaced Rates of various European Correspond 7,500,000 Call Warrants relation to the 3 year Fift Interest Rate Swee. 27,05,94 2,000,000 Call Warrante relating to an Interest Race Busket comprising 3 year laterest Rate Swap Fland Rates of various European Correction. 1,000,000 Warrents rotating to the 12% BTP due Josuary 1995 and the Lira Interest Rate Swep Place Rate. 5.000.000 European Swap Call Warrants relating to the 4 year Ffr Swap Rate. 24,06,93 CONTRACT 2,000,000 Warrants relating to the Late Laterant Rate Swap Pixed Rate. 5,000,000 man relating to the Starling Swap.

Up to 1,500,000 Gold Call Warrants and up to 1,500,000 Gold Pat Warrants 17.08.94 20,09.93 bon (-10) 27,09.95 8,000,000 Warrants relating to the 5 year Swedish Kross Interest Rate Swap Rate Name and No. of the 2,000,000 Warranta rolating to the 3 year JPY Interest Rate Swep Rate 02,1190 No. of Concession, 2,500,000 Call Warrants relating to the 9 per cent. BTP doe 1st October, 1996 250,000 USS/JPY Pet Warrants (European Style) in the 10.11.94 250,000 Million Pur Million (American Style) 15.11.93 10.11.94 2,000,000 Warrants sciency to the 7% per exet U.S. Treasury due 2023 26.11.93 1,000,000 Warrants relating to the Sterling 3 your Swap Rate 2.000.000 Warrants relating to the BTP due | October 1996 13.1293 2,000,000 Call Warrants relating to the UK Guit 🎮 per cent due: 18 April 2005 09.12.94 5,000,000 Warranta relating to the IIII laterest Rate Swap Rate 14.12,94 1,000,000 Dollar Pay Yen Yield Curve Spread Warrants 4,000,000 Warrants relating to the NLO interest Rate Swep Rate 301.93

with the forms and conditions of the above Notice in hereby gives that Dank Morgan Stanley AO, the larger, intends to use its powers in accuritance with the terms and conditions warrant issues to substitute Morgan Studies iii Co. International Limited iii 25 Cabus Square, Carney Wharf, London S14 4QA in place of McInternational, such assessment to sales offeet issue Let Pobriany, iiii.

MORGAN STANLEY (JERSEY) LIMITED

to all following Isma Date | End of Exercise Period Warrant Description 25,000 Swedish Kronz Money hock Call Warranta linked to Standard in Poor's 500 Comp Section 2 21,04,94 500,000 ∧ Call Warrama, 500,000 B Pat Warrama, 500,000 € Call Warrama, 500,000 D Pat Warrama, 500,000 E Call Warrama and 500,000 ii Pat Warrama relating to the Morgan Stanley Capital 2,000,000 Call Warrants and 2,000,000 Pot Warrants relating to the Russell 2000 ** Indian 3,000,000 Cell Warrans and 3,000,000 Put Warrants relating to the Morgan Stanley Communer Indo 3,000,000 Cell Warrants and 3,000,000 Put Warrants relating to the Morgan Stanley Cyclical Index. Name of Street 06.02.95 06.02.95 3,000,000 Call Warrants and 3,001,000 Put Warrants refering to the Morgan Stanley Capatal let 1,000,000 Call Watmerts on a housest of MSCI South East Asian Market Indices. 3.1293 2.11.95 30,000 Call M Warrants and 30,000 Per D Warrants relating to a basket of Mexican equition 6.1243 30,000 Call C Warrents and 30,000 Per D Warrents relating to a busher of Mexican equities 9 11.95 50,000,000 Call Warrants relating to shares in Autostrade. 25.5.95 100 000 Call A Warrants: 13.12.94 00,000 Call D Warrants relating to a basket of Mexican value Notice is hereby given, that Mangan Stanley (Jersey) Limited, the larmer, intends to use its powers or accordance with the tesses and conditions of warrant issues to substitute Morgan Stanley III Co. International Limited of 25 Cabot Square, Canary Wharf, London £14 4QA in place of Morg

MORGAN STANLEY CAPITAL (JERSEY) LIMITED

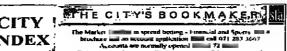
Notice to all Warrantholders of the following issues:

Warrant Description	Istue Date	End of Exercise Period
500,000 Call Warrants plus 500,000 Pot Warrants based on a basket of US "Exerging Growth" Companies		11.02.94
1,000,000 Warrants relating to a Basket of Share of Various U.S. Leveraged Stocks,		09.10.95
Call Warranti and 1,000,000 Pet Warrants based on a backet of Japanese Housing, Company Equities.	27.03.92	25.02,94
500,000 Call Warrants and 500,000 PM Warrants based on a banket of Mexican Equities.		31.03.94
Call Warmels and 1,000,000 Put Warrants based on a basket of shares of Japanese Bank Equities		(%:04,94
Dollar Santes. Bull currenty.		IB.12.94
1,000,000 Call Warners based on a backet of Japanese Founcial Equities.	06.05.93	13.04.94
1,000,000 Call Warrants based on a broker of Sponish bank equities.	07.06.93	14.11.94
2,000,000 Cell Warrants relating to the Morgan Startoy Eurocyclical Index.	10.09.93	09.08.95
1,000,000 Call Warrants based on a basket of UK Property Company Equnics.	30,06,93	08.06.95
Notice in humbs given that Adapta Strates Comited (former) I treated the former internal to programme	de accomplace o	with the terms and accustic

given, that Morgan Stanley Capital (formey) Limited, the feater, intends to use its powers in accordance with the terms and conditions of it issues to sub-titude Morgan Stanley & Co. International Limited of 25 Cabot Square, Canary Wharf, Loadon E14 4QA in place of mornational, such substitution to take effect from 1st February.

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US INDICES

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Open price | 36% | 47% | 72% | 45% | 45% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% | 36% |

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785,62 (2871,94) 494,81 (2071,94) - 795,94 (2071,94)

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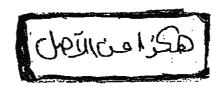
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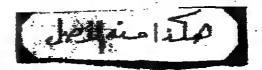
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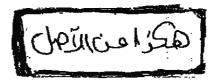
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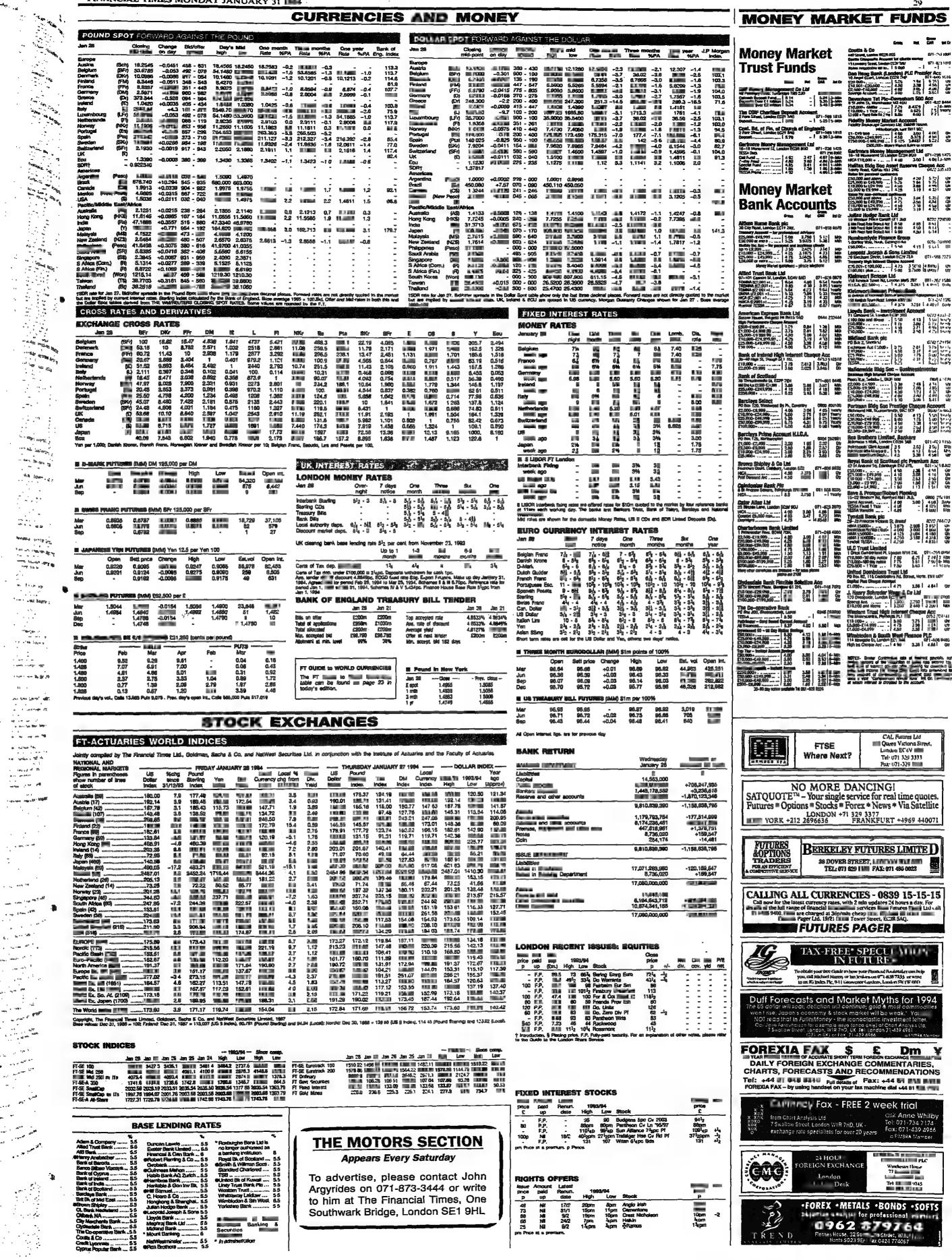
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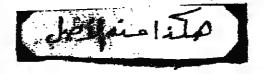
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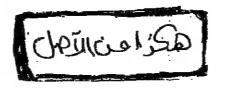
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MONDAY

Hurd in talks on Bosnia



The fast-fading prospects for a Bosnian peace settlement will be the main item on the agenda of talks which Douglas Hurd, the British foreign secre-

tary, will have in the US this week. After seeing Boutros Boutros Chali, the UN Secretary-General, in New York today, Hurd will meet Warren Christopher, the US Secretary of State, in Washington on Tuesday. The talks will focus on the possible withdrawal of UN peacekeeping forces from Bosnia if no peace settlement is reached by the late spring, and the proposal to launch air strikes against the Bosnian Serba if they refuse to relax their stranglehold on Sarajevo or prevent the relief of Srebrenica and Tuzla in Bosnia.



Heimut Kohl will meet Presiin Washington underlining Germany's growing role as the most important US

Europe. He will also be the first Euronean politician to address the conference of state governors.

Alan Greenspan, US Federal Reserve chairman, gives his view on the 1994 economic outlook to Congress's joint economic committee at the start of a week in which several key economic figures will be released.

IG Metall, Germany's biggest union. covering 2.5m engineering and steel workers, will start industrial action following the breakdown of pay talks. The union wants up to 6 per cent wage rises, while employers have demanded pay freezes and benefit cuts.

Poli boycott looms: The Zulu Inkatha Freedom party and the white right Afrikaner People's Front will make a decision on whether to boycott South Africa's April elections after talks today with the government and the main opposition party, the ANC.

ILO agenda: Michel Hansenne. director-general of the International Labour Organisation, which celebrates its 75th anniversary this year, sets out its agenda for "social justice in a global economy" in Geneva. This will be debated at the ILO's annual conference in June. The organisation, created in 1919 to counter the appeal of the emerging Soviet Union by improving labour rights, is still struggling for a distinctive and respected voice in the post Cold War world.

TUESDAY

EU airline report

The European Commission unveils its long-awaited report on the future of the European airline industry. Abel Matutes, Spanish Commissioner for transport, and Herman De Croo, the Flemish liberal senator who chaired the "committee of wise men", will present the report, which is expected to deal with the prospects for liberalisation and the industry's financial crisis.

nesto trading resumes: Trading in the troubled banking group resumes on the Madrid Bolsa five weeks after the Bank of Spain intervened to replace the management and its shares were suspended. The share price, which stood at Pta 1.995 when trading was halted on December 28, will be allowed to fall freely. In the off-the-floor "grey" market, shares were last week priced at between Pta 500 and Pta 700.

Schengen deadline passes: Today passport checks at land borders between member states and on flights within the European Union should have been abolished. But the operation of the Schengen convention, which ends border controls in nine of the twelve EU countries, has been post-poned yet again. Britain, Ireland and Denmark are the only EU states to have stayed out of the convention because of concerns over national security and illegal immigration.

UN human rights moves: The UN Secretary General Boutros Boutros Ghall is due to amnounce the appointment of Jose Ayala Lasso, Ecua UN ambassador, as the first UN High Commissioner for Human Rights, for a four-year term.

Yasser Arafat, PLO president, and Benazir Bhutto, Pakistan's prime minister, will address the UN Human Rights Commission in Geneva, which began its 50th session on Monday in Geneva. For the next six weeks the 53-member commission, which includes such staunch defenders of human rights as China, Indonesia, Iran, Sudan and Syria, will be plied with evidence of human injustice around the world.

China talks to Tahvan Representatives of China and Taiwan will resume their slow-moving talks in an effort to expand areas of agree-ment on such issues as fishing, hijackings and commercial links. The talks are scheduled to last until 5 February.

Post Office Inquiry: The all-party trade and industry select commit of the House of Commons launches its inquiry into the future of the Post Office. Mr Michael Heseltine, trade and industry secretary, and Mr Mike Heron and Mr Bill Cockburn, chairman and chief executive respectively of the Post Office, will give evidence. The Committee members are under-stood to be concerned that the corpora-tion's investment plans and profitability are threatened by uncertainty created by the government's review of the Post Office.

WEDNESDAY

Verdict on Volkswagen

Frankfurt state court is due to decide if Volkswagen poached General Motors and Adam Opel managers "unfairly" last March. A ruling in favour of Opel could mean suspension for a year for seven key VW purchasing and produc-tion personnel. It may also increase pressure for the company to review the position of José Ignacio Lôpez de Arriortúa, their leader, and VW's production director, who remains under criminal investigation in Germany

Caldera assumes office



is scheduled to begin his five-year term. as president of Venezuela. Caldera, who founded Venezuela's Christian Democrat party but ran as an indecen lent, won the

Rafael Caldera

presidency with 30 per cent of votes in national elections last December. Caldera assumes office in the midst of recession and a financial crisis caused by the failure of Banco Latino, the second largest bank. The government faces reduced income, a taxpayer revolt and a large fiscal deficit.

Euro Olsney's banks will meet in Paris to assess the conclusions of the special investigative audit of the troubled leisure group's finances that they commissioned from KPMG Peat Marwick, the accountancy firm.

Treasury report: Kenneth Clarke, the chancellor, and Eddie George, the governor of the Bank of England, meet for their monthly monetary talks today. The quicker availability of statistics has meant that these meetings have been brought forward in the month.

National Party conference: The ruling South African party will publish its manifesto and unveil its list of candidates ahead of April's first democratic elections.

Commonwealth Games: In London the Commonwealth Games Council will receive submissions from London, Manchester and Sheffield to host the games in 2002, the year of the Queen's Golden Jubilee.

Maitese prime minister Eddie Fenech-Adami will be in Brussels to have talks on the possibility of his island joining the EU.

Ingola talks: ANC leader Nelson Mandela and Mozambique President Joaquim Chissano will hold talks with Angolan President Jose Eduardo dos Santos in Luanda. They will focus on ways to prevent elections this year in Mozambique and South Africa degenerating into mass violence or civil war, as Angola's poll last year

released this week



THURSDAY

Bundesbank council meets

The German central hank will hold a council meeting to review its interest rates policy. Last week's inflation figures of 3.4 per cent for the month to mid January compared with 3.7 per cent in December were proclaimed "good news" by Bundeshank directors. Bank chiefs expect December's figures will show a rise in the rate of money supply growth, but January's figures, published next month, to show a fall

German privatisations: The long-awaited reform of German post and telecommunications, paving the way for the privatisation of Deutsche of negotiations between the govern-ment and opposition in order to create the two-thirds majority needed to change the German constitution.

cians, and seek to promote more two-way trade and investment.

Russian President Boris Yeltsin will visit the former Soviet republic of Georgia for a one-day summit with Eduard Shevardnadze, the embattled Georgian leader Although Shevardnadze still

harbours suspicions over Russia's military's role in his republic, he is likely to rely increasingly on Russian eco-nomic and political support to extract his country from the ravages of its recent internecine conflicts. The two men are expected to sign a friendship treaty and various economic accords.

The Space Shuttle Discovery is tentatively scheduled for lift-off on an eight-day mission to conduct experiments in a commercial laboratory anchored in the craft's cargo bay. The 5 man, 1 woman crew includes a Russian cosmonaut, Sergei Krilakey, the first Russian ever to be launched in

Telekom, Postbank and postal services, is scheduled to come to the Bundestag for a first reading. It has taken months

Indian PHI's visit: P V Narasimha Rao, the Indian prime minister, is in Germany for an official visit which lasts until 5 February, during which he will meet a range of top-level German industrialists as well as politi-

Meanwhile, in New Delhi from Wednesday to Friday, 15 major developing countries will reaffirm their commitment to ensuring basic health stan-dards for all their citizens. The global Task Force for Child Survival and Development, sponsored by the World Bank, UNDP, UNICEF, WHO and the Rockefeller Foundation, will discuss how existing health systems can best confront the range of problems associ-ated with child health, including family planning and maternal care.

Yeltsin violts Georg



France's extreme-right National Front party will hold its ninth national congress at Port Marly, outside Paris, until February 6 to choose its top officials, re-elect its president, Jean-Marie Le Pen, and to decide its platform for this Jone's European parliamentary elections. The advent of a centre-right government has pushed the Front more to the margin, particularly because the cabinet includes hard-line conserva-

tives like Charles Pasqua, the interior minister. Its national share of the vote dropped from 13.9 per cent in the 1992 regional elections to 12.7 per cent in last March's parliamentary poll. However, the Euro-elections' proportional representation system favours

minority parties, as the Front found in 1989 when it won 10 seats with 11.9 per cent of the vote. US employment: The markets will be watching to see whether January employment data released in the US will signal a modest deceleration in the pace of economic recovery. Ana-

lysts are forecasting a 180,000 rise in

non-farm payrolls, roughly in line with the December increase of 183,000.

FRIDAY

National Front congress

The state of Dieney's alling offshoot Euro Dieney should be clearer on Wed

5-6

WEEKEND

Finnish run-off The final round of the Finnish presidential election on Sunday pitches Elizabeth Rehn, a member of the tiny

Swedish-speaking minority, against Martti Ahtisaari, a former UN diplon and the firm favourite until Rehn began a late surge in popularity. Costa Ricans also go to the polls on Sunday. Opposition National Liberation Party presidential candidate Jose

Maria Figueres is running neck-and-neck with Miguel Angel Rodriguez of the governing Social Christian Unity Party. Togo holds its first multi-party parlia-

mentary elections on February 6. Hopefully it will be cleaner than August's poll which re-elected President Gnassingbe Eyadema, in power since 1967.

Wehrkunde conference: Concern over the former USSR seems certain to dominate the exclusive annual event in Munich over the weekend which brings together leading luminaries of the European and US defence and foreign policy establishment for a brainstorming on western security.

Compiled by Robert Anderson

Other economic news

Monday: The week is dominated by a string of important economic indicators from the US. But today the focus turns to France where Insee, the statistical office. releases its business survey and December unemployment figures. The upward spiral of the jobiess total paused in November and economists expect only a small increase in the rate for December. Tuesday: Another increase is

expected for US construction spending in December. Econoshould perk up in the first quarter when the rebuilding of

will be the fifth successive

increase in the series.

Thursday: The focus will remain fixed on the US where figures for factory orders, car and truck sales, plus the weekly jobless and money sup-

mists believe that regardless of what the latest figures show, the construction industry Los Angeles begins.
Wednesday: If, as expected,
the US leading economic indicators for December rise, this

ply figures are released. Friday: Markets will wait for signals from US unemployment data as to how strong the economy is growing. Minutes from the last FOMC meeting

			Statis	stics to i
Dey Released	Country	Economic Statistic	Medius Forecast	Protious Actual
Mon .	US	Dec personal iscome*	0.5%	7.696
Jan 31		Dec PCE	0.5%	0.4%
		Jen Chicago NAPM :	.	62,6%
	- Івреп	Dec construction orders*	-"-	-16.1%
		Dec housing starts**	8.2%	8.7%
		Dec construction starts**		-84%
	Piance	Dec unemployment rate -	12.196	12%
	ЬК	MO ^M	. 8.8%	- 5.8%
	Canada	Nov reat GDP	0.2%	0.1%
	Korea	Déc current account .		\$243m
	٠		••	
Tues	US:	Jan NAPM	56,5%	57.1%
Feb 1		Dec construction spending	1.5%	1.8% .
	N Z'end	GDP index, Q3		.1.7%
Wed	us ·	Dec new home sales	785,000	807,080
Feb 2		Dec leading indicators .	*	0.5%
	UK ·	Jap official reserves	\$77.5m .	\$87m -
	Aus'Ta	Dec current count	-A\$1.4bn .	-A\$1,18br
Thur	US ·	Initial claims w/e Jan 29	337,000	309,000
eb 3		State benefits w/e Jan22		2,488,000
		Dec factory orders	1.496	1.4%
•		Dec factory inventories		.0.1%
		Jan domestic auto sales	6.6m	7m

	Statistic	Forecasi Actual
	money supply data w/a Jan 24	Committee of the second
Casada	- Jan halp wanted induc	84
# US	dan non-form payrolls	180,000 183,000
e0 4	den manufacturing payrolis -	11,000 2,000
	dan hourly elimings.	0.2% 0.2%
	Jan average workweek	34.6
**	den urietapioyment rate	6.9% 6.9%
	Dac home completions	1.28m
Canada	Jan employment	0.1% 0.1%
2 1, 47	Jan unemployment rate -	11.2% . 11.2% .
aring this week		
Vapen	Dec current account	\$12.4on \$8.2on
		\$12.4bn \$8.2bn 7.2% 7.2%
Alapan	Dec current account	
Alapan	Dec current account Dec MS from Q4 base	7.2% 7.2%
Alapan	Dec current account Dec MS from Q4 base Dec Industrial production	7.2% 7.2% 0.2% 4.1%
Alapan	Dec current account Dec M3 from Q4 base Dec industrial production Dec manufacturing output	7.2% 7.2% 0.2% 2.1% 0.5% 1.8%
Japan Germeny	Dec current account Dec MS from Q4 base Dec industrial production Dec manufacturing output Dec manufacturing options	7.2% 7.2% 0.2% 2.1% 0.5% 1.8% 0.2% 0.8%
laber Germent	Dec current account Dec MS from Q4 base Dec industrial production Dec manufacturing output Dec manufacturing orders Jen CPT	7.2% 7.2% 0.2% 2.1% 0.5% 1.2% 0.2% 0.8% 4.2% 4%
Japan Germany Baly Denmark	Dec current account Dec M3 from Q4 base Dec industrial production Dec manufacturing output Dec manufacturing orders Jen GP ¹⁴ Dec unemployment rate	7.2% 7.2% 0.2% 9.1% 0.5% 1.8% 0.2% 0.8% 4.2% 4% -12.5% 12.4%

- ACROSS

 i The main constituent (8)

 5 Alarms calling for attention in a ship (6)

 9 Hired without point, so objected to (8)

 10 Bank on many a doctor being presented to the queen (6)

 12 Quielly press for a clean-up drive (5)

 13 Engaging relation in outdoor exercise (9)

 14 Introductory course? (6)
- exercise (9)

 14 Introductory course? (6)

 16 Didn't at all like the church interior and came out (7)

 19 Using new recipes is nice (7)

 21 Well bound (6)

 23 Phone a dealer in hot stuff,
- encompassing protection (4-5) 25 Stick by egghead (5) 26 Horrible tin vase som sequen-
- tially (2.4) hdown! (8) 28 Talk about a woman making 29 In the meadow heart-broken

and that's tough (8)

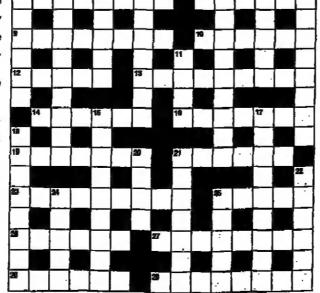
- 4 A fitting place for the viewer (7)
 The odd guy's make-up (9)
 A poor player cut short the minister (5)
- minister (5)

 5 Plug into quiet music (8)

 11 Hems fancy net (4)

 15 Give support to military personnel in 27 (9)

 17 A big fish after presents as a
- goodwill gesture (9)
 18 Flashy dispute with the top man (8) 20 A bird in danger - nearly
- extinct (4)
 21 Interview a young attendant
 and discharge (7)
 22 Those entitled will get information on the test (6)
 24 A small number put up the money (5) 25 The French in a hole form a



MONDAY PRIZE CROSSWORD No.8,367 Set by VIXEN

A prize of a Polikon New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Polikan vouchets will be awarded. Solutious by Thursday February 10, marked Monday Crossword-8,857 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday February 14.

Solution: 8,355 A. Bentley, Kampala, Uganda P. and K. Burns, Gants Hill, Essex

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shire	TUBA COPERNICU
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Of broking and jobbing the Pelikan's fond. See how sweetly he puts your word onto bond. Selikan 🕙 . . .

JOTTER PAD